

EXHIBIT “A”

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
 IN AND FOR THE COUNTY OF SAN DIEGO**

FLAGCRAFTERS, INC., a California
 Corporation on behalf of itself and all
 persons similarly situated,

Plaintiffs,

vs.

ALLIED PROPERTY AND CASUALTY
 INSURANCE COMPANY, an Iowa
 Corporation; AMCO INSURANCE
 COMPANY, an Iowa Corporation,
 MARRS, MADDOCKS & ASSOCIATES
 INSURANCE SERVICES, INC., a
 California Corporation, and DOES 1 thru
 100, inclusive,

Defendants.

CASE NO.: 37-2010-00088597-CU-BC-CTL

FIRST AMENDED COMPLAINT FOR

- 1. DECLARATORY RELIEF – DUTY TO INDEMNIFY;**
- 2. BREACH OF CONTRACT – FAILURE TO INDEMNIFY;**
- 3. BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING; AND**
- 4. NEGLIGENCE.**
- 5. VIOLATION OF THE CALIFORNIA BUSINESS & PROFESSIONS CODE SECTION 17200 ET. SEQ (“UCL”)**

Plaintiff FLAGCRAFTERS, INC. ("FCI") on behalf of itself and all others similarly situated alleges as follows in this Complaint:

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N&B

ATTORNEYS AT LAW
 SAN DIEGO

FIRST AMENDED COMPLAINT

I.

INTRODUCTION

1. Plaintiff Flagcrafters, Inc. ("FCI") is a printer specializing in large scale projects. As such, FCI relies on numerous highly sophisticated printers and related appliances to complete its projects to FCI's standard of quality and timeliness. In order to protect these vital business assets, Plaintiff procured insurance from its broker, Defendant Marrs, Maddocks & Associates Insurance Services, Inc. ("MMA"). MMA recommended, and FCI ultimately purchased for a premium of \$8,898.00, a Premier Business Owners' Package underwritten by Defendant insurers Allied Property and Casualty Insurance Company ("Allied") and AMCO Insurance Company ("AMCO") that purported to provide business personal property, business income loss, equipment breakdown, liability, and umbrella coverage for FCI's operations. The insurance did not cover the premises, as FCI was not the owner of the premises, nor did FCI control the exterior of the premises.

2. However, on December 7, 2009, the premises was damaged in a storm. Plaintiffs' equipment suffered hundreds of thousands of dollars of damage. Other business personal property was damaged. Plaintiffs lost business income, and continue to lose business income. Allied and AMCO intentionally, wrongfully and unreasonably denied coverage for Plaintiffs' damages. FCI is informed and believes that AMCO and Allied systematically misapply an exclusion/limitation to wrongfully preclude coverage for hundreds, if not thousands, of insureds like FCI. FCI is now suing Defendants to enforce Defendants' obligations under the insurance policy and to recover as a class, the damages FCI has suffered because of Allied and AMCO's unreasonable failure to indemnify FCI and hundreds, if not thousands, of similarly situated insureds for clearly covered losses.

II.

PARTIES

3. FLAGCRAFTERS, INC. ("FCI") is, and at all times mentioned herein was, a California Corporation authorized to do business and doing business in the County of San Diego, State of California. In accordance with the advice of its broker, FCI purchased insurance policies

1 from Defendants, under which FCI was later unreasonably denied coverage for claims regarding
2 FCI's business personal property and business income resulting from a severe storm.

3 4. ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY ("Allied") is
4 an Iowa-based property and casualty insurer authorized to do business and doing business in the
5 State of California. Allied issued the Premier Business Owners' Insurance Policy to FCI,
6 identified as Allied policy number 787-1-3470894. Allied also wrongfully and unreasonably
7 denied insurance coverage for FCI's damages under this policy as described below.

8 5. AMCO INSURANCE COMPANY ("AMCO") is an Iowa-based umbrella or
9 excess insurer authorized to do business and doing business in the State of California. Upon
10 information and belief, AMCO underwrote the Umbrella Policy issued as part of the Premier
11 Business Owners' Insurance Policy purchased by FCI, identified AMCO policy number ACP
12 CAA 78134770894. Upon information and belief, AMCO also has an interest in the Allied
13 Premier Business Owners' Insurance Policy issued to FCI. AMCO provided all claims handling
14 and adjusting services for FCI's claims.

15 6. Upon information and belief, MARRS MADDOCKS & ASSOCIATES
16 INSURANCE SERVICES, INC. ("MMA") is a California Corporation that at all times herein
17 mentioned was authorized to do business and did business in the State of California. MMA is the
18 broker of record for FCI that negligently advised the purchase of the Allied/AMCO Premier
19 Business Owners' Insurance Package, which according to Allied and AMCO provides no
20 coverage for FCI's damages, and is thus completely inadequate for FCI's insurance needs.

21 7. The true names and capabilities, whether individual, corporate, associate, or
22 otherwise, of the DOE Defendants 1-100, are unknown to the Plaintiff, who therefore sues these
23 defendants by such fictitious names. Plaintiff will seek leave to amend this Complaint to show
24 their true names and capacities when the same has been ascertained.

25 8. Plaintiff is informed and believes and therefore alleges that each of the DOE
26 defendants were, or are, in some way or manner, responsible and liable to Plaintiff for the events,
27 happenings and damages hereinafter set forth in the body of this Complaint. Plaintiff is informed
28 and believes that said DOE Defendants may be responsible for Plaintiff's damages and injuries on

1 alternative theories of liability not specifically addressed herein, but which may include claims of
2 negligence, negligent misrepresentation, fraud, breach of fiduciary duty, or other violations of law
3 or duties not fully and completely known at this time.

4 9. Plaintiff is informed and believes, and therefore alleges, that each of the
5 Defendants was an agent, managing general partner, managing member, owner, co-owner, partner,
6 employee, and/or representative of each of the defendants and was at all times material hereto,
7 acting within the purpose and scope of such agency, employment, contract and/or representation,
8 and that each of them is jointly and severally liable to Plaintiff.

9 **III.**

10 **JURISDICTION AND VENUE**

11 10. This Court has jurisdiction over all causes of action asserted herein pursuant to the
12 California Constitution, Article VI, § 10.

13 11. This Court has jurisdiction over each of the Defendants because each is an
14 association, corporation, business entity, or individual that is either based in, authorized or
15 registered to conduct, or in fact conducts, substantial business in the State of California, County of
16 San Diego.

17 12. Venue is proper in this County because the material acts upon which this
18 Complaint is based occurred in San Diego County.

19 **IV.**

20 **FACTUAL ALLEGATIONS**

21 13. Flag Crafters, Inc. is large format digital media printing company that has been
22 producing quality projects in and around San Diego County since 1981. FCI designs, creates, and
23 produces among other things: avenue banners, billboards, bus shelters, corporate logo flags, floor
24 graphics, posters, flags, trade show booths, tents, and wall murals. To produce these projects, FCI
25 employs graphic designers and production technicians who work with very expensive and
26 sensitive electronic printers, electronic equipment, and appliances. Some of the printers can cost
27 upwards of \$750,000. These specialized machines are housed at FCI's headquarters located at
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1 1120 Bay Boulevard, Chula Vista, California. Some of the printers are so specialized there is only
2 one individual in the United States who is certified to perform maintenance on it.

3 14. On or around May 15, 2009, FCI contacted Defendant insurance broker MMA to
4 secure a commercial insurance policy to specifically insure their business equipment, primarily
5 their expensive printing equipment needed to operate FCI's printshop. FCI relied on MMA's
6 expressed expertise in insurance to select a policy that would insure the equipment from any loss
7 resulting from events outside of their control. MMA represented that the Premier Business
8 Owners' Package underwritten by Defendant insurers Allied and AMCO would provide them
9 with the insurance coverage that they needed. Based on MMA's representations, FCI purchased
10 the Premier Business Owners' Insurance Package and paid the insurance premium of \$8,898.00--
11 \$8,148.00 for the Allied Premier Business Owners Policy and \$750.00 for an AMCO Commercial
12 Umbrella Liability Policy. (hereinafter, cumulatively, the AMCO and Allied policies are referred
13 to as "the Policy")

14 15. The Premier Business Owners' Policy (effective from May 15, 2009 to May 15,
15 2010) provides up to \$1,543,000 of business personal property coverage and business income loss
16 coverage for 12 months in the amount of the actual sustained loss. A copy of the Allied Premier
17 Business Owners Policy numbered 787-1-3470894 is attached to this Complaint as **Exhibit "A"**.

18 16. On December 7, 2009, Plaintiffs' business was hit with a severe winter storm that
19 pummeled San Diego County with winds up to 55 miles per hour and over three inches of rain in
20 many parts of the county. The structure leased by Flag Crafters, Inc. was substantially damaged --
21 including damage to the roof, the framing supporting the roof, the interior walls, and other
22 component parts of the building. The damage to the building's structure allowed significant water
23 intrusion into the premises. Dust, salt, and other particulate debris from a nearby industrial
24 facility blew into the interior of structure and onto the delicate and expensive printers housed
25 therein.

26 17. When FCI employees returned the morning of December 8, 2009, they found the
27 place visibly covered in rain, dust, and salt. Almost all of the machines were covered with salt
28 and dust. This sort of contamination is lethal to the printers that FCI uses in its operations.

1 18. Immediately after the storm, FCI began diligent efforts to get FCI running again
2 even at minimal capacity. However, FCI had to shut down its operations for over a week in order
3 to clean up. FCI also began contacting technicians for its printers to perform maintenance to
4 repair the water and dust damage.

5 19. About two weeks after the storm, FCI was able to begin operations again, albeit at
6 a very reduced capacity. In the coming weeks, FCI paid thousands of dollars out-of-pocket for
7 repair and replacement of parts and equipment to remediate the storm's damage.

8 20. While FCI was having some of their machines fixed, they had to turn away new
9 business, scale back on existing business, and in some cases had to cancel contracts altogether due
10 to their reduced capacity. FCI would rather send business elsewhere than renege on its promises
11 to customers regarding the time of completion. The damage to FCI's machines significantly
12 affected FCI's business earnings and its goodwill in the industry. Furthermore, the damages
13 affected FCI's involvement in projects for events like the Rose Bowl, the Fiesta Bowl, and the
14 Super Bowl, which provided national exposure for FCI's work. FCI is still affected by the storm
15 and may never recover from the lost business opportunities it caused.

16 21. On December 8, 2009, Flag Crafters, Inc. notified Defendants of the damages,
17 effectively tendering coverage under the Policy.

18 22. On December 10, 2009, FCI provided a recorded statement describing the losses
19 suffered by FCI. On December 11, 2009, AMCO claims adjuster Ron L. Hill inspected the
20 building. On December 15, 2009, Allied hired Independent Roof Inspection, Inc. ("IRI") to
21 inspect the roof. Allied did not inform FCI of the reason IRI was inspecting the premises; nor did
22 Allied offer to have FCI select an inspector of its own choosing. On December 31, 2009, Allied
23 sent FCI a copy of IRI's report. Based on limited observations, IRI hypothesized that the
24 diminished roof conditions were typical of exposure to the elements or were due to improper
25 installation and maintenance. Either way, IRI concluded that the roof was at the end of its service
26 life of 15 years.

27 23. On January 30, 2010, Allied/AMCO denied insurance coverage for FCI's losses.
28 Allied denied coverage because "there is no coverage for interior damage when it results from an

1 as-built condition, inadequate or improper construction, deterioration and or inadequate or
 2 improper maintenance or materials. There must be a covered loss that damages the roof or
 3 exterior of the building that allows water to enter in order for the interior damage to be covered."

4 A copy of this declination letter is attached hereto as **Exhibit "B"**. Allied/AMCO did not
 5 consider whether or not FCI controlled the roof or the exterior of the building in making its
 6 coverage decision.

7 24. Essentially, Allied/AMCO denied coverage because the policy supposedly does not
 8 cover losses caused by improper maintenance of the *covered property*. However the covered
 9 property under FCI's policy is business personal property, like its printers, not the leased
 10 premises, the maintenance of which was out of FCI's control. Allied/AMCO failed to even
 11 consider the policy condition providing that coverage cannot be affected by that which is outside
 12 FCI's control. Allied/AMCO routinely and systematically misinterprets these business personal
 13 property policies with all of its insureds, in the same manner it interpreted FCI's policy - in order
 14 to avoid coverage obligations.

15 25. As a result of Allied/AMCO's wrongful failure to provide indemnity under the
 16 insurance policies, FCI paid thousands of dollars in repairs out-of-pocket, FCI suffered a
 17 substantial loss of business income and business opportunity, and now FCI has to incur attorneys'
 18 fees to enforce the insurance contract that Allied and AMCO are now tortuously breaching by
 19 wrongfully denying FCI any coverage for its losses.

20 V.

21 CLASS ALLEGATIONS

22 26. Plaintiff alleges and incorporates by reference each and every allegation contained
 23 above, as if set forth at this point.

24 27. This action may properly be maintained as a class action pursuant to California
 25 Code of Civil Procedure Section 382.

26 28. Plaintiff brings this Complaint on behalf of the Class. Within the class there are
 27 four Subclasses; Subclass I, Subclass II, Subclass III, and Subclass IV.

28 (A) SUBCLASS I is defined as: All California purchasers of Allied or AMCO's
 Premier Businessowners Policy, providing business personal property

coverage and/or business income loss, but not coverage for the business structure itself, who (1) leased the building structure by executing a "AIR Commercial Real Estate Association Standard Industrial/Commercial Multi-Tenant Lease – Gross"; and (2) was denied indemnity by Allied and/or AMCO in whole or in part because the loss was caused by improper maintenance or repair of the leased building structure.

(B) SUBCLASS II is defined as: All California purchasers of Allied or AMCO's Premier Businessowners Policy, providing business personal property coverage and/or business income loss, but not coverage for the business structure itself, who (1) leased the building structure by executing a commercial lease obligating the lessor, and not the lessee, to maintain the leased building structure; and (2) was denied indemnity by Allied and/or AMCO in whole or in part because the loss was caused by improper maintenance or repair of the leased building structure.

(C) SUBCLASS III is defined as: All California purchasers of Allied or AMCO's Premier Businessowners Policy, providing business personal property coverage and/or business income loss, but not coverage for the business structure itself, who (1) leased the building structure by executing a "AIR Commercial Real Estate Association Standard Industrial/Commercial Multi-Tenant Lease – Gross"; and (2) was denied indemnity by Allied and/or AMCO solely because the loss was caused by improper maintenance or repair of the leased building structure.

(D) SUBCLASS IV is defined as: All California purchasers of Allied or AMCO's Premier Businessowners Policy, providing business personal property coverage and/or business income loss, but not coverage for the business structure itself, who (1) leased the building structure by executing a commercial lease obligating the lessor, and not the lessee, to maintain the leased building structure; and (2) was denied indemnity by Allied and/or AMCO solely because the loss was caused by improper maintenance or repair of the leased building structure.

29. Plaintiff is informed and believes that the class consists of hundreds, if not thousands, of persons throughout California who purchased Allied/AMCO business personal property insurance and who were wrongly denied coverage for exterior building conditions which were beyond their control. The members of the Class are so numerous that separate joinder of each member is impractical. However, appropriate discovery can determine the number of Class members. Plaintiff is informed and believes that a routine search of Defendants' claim database can easily discover the number and identities of Class members. The disposition of claims in a class action will provide substantial benefits to the parties and the Court.

30. The claims of the representative Plaintiff raise questions of law and fact that are common to questions of law and fact raised by the claims of each member of the class.

1 31. The claims of the representative Plaintiff are typical of the claims of each member
2 of the class. Plaintiff has the same interest in this matter as all other members of the class.

3 32. The prosecution of separate claims by each individual member of the class would
4 create a risk of inconsistent or varying adjudications.

5 33. The questions of law or fact common to the claims of the representative Plaintiff
6 and the claims of each member of the class predominate over any questions of law or fact
7 affecting individual members of the class.

8 34. Class representation is superior to other available methods for the fair and efficient
9 adjudication of this controversy.

10 35. Questions of law and/or fact that are common include but are not limited to:

- 11 (A) Whether Allied/AMCO sold Class members a Premier Businessowners'
12 policy which provided business personal property and/or business income
13 loss coverage, but not building structure coverage.
- 14 (B) Whether Allied/AMCO denied a Class member's indemnity claim based on
15 its exclusions for improper maintenance or repair.
- 16 (C) Whether the Allied/AMCO's improper maintenance and/or repair
17 exclusions are inapplicable where it was a building structure, not the
18 business personal property that was improperly maintained and/or repaired.
- 19 (D) Whether Class members lease of their business premises was accomplished
20 by the execution an "AIR Commercial Real Estate Association Standard
21 Industrial/Commercial Multi-Tenant Lease – Gross."
- 22 (E) Whether Class members lease of their business premises was accomplished
23 by the execution a commercial lease obligating the lessor, and not the
24 lessee, to maintain/control the exterior of the leased building structure.
- 25 (F) Whether Allied/AMCO's denial of policy benefits to Class members was
26 reasonable.
- 27 (G) Whether Allied/AMCO engaged in unfair, deceptive and/or unlawful
28 practices that violated the Unfair Competition Law Section 17200 *et seq.*

1 (H) Whether the Allied/AMCO unfairly or unlawfully received and/or retained
2 revenue acquired through the scheme alleged herein.

3 36. A class certified for injunctive relief is appropriate because Defendants have acted
4 or refused to act on grounds generally applicable to the Class, thereby making appropriate final
5 injunctive relief with respect to the Class as a whole.

6 37. Conjunctively or alternatively, a Class certified for damages is also appropriate.
7 Common questions of law and fact predominate over individual questions. For instance, all
8 injuries sustained by any member of the Class arise out of the singular conduct of Allied/AMCO
9 in uniformly and wrongly applying an inapplicable exclusion to preclude insurance coverage for
10 otherwise covered business personal property or business income losses.

11 38. A class action is superior to other available methods for the fair and efficient
12 adjudication of this controversy. Even if any group of Class members itself could afford
13 individual litigation, it would be unduly burdensome to the courts in which the individual
14 litigation would proceed. The class action device is preferable to individual litigation because it
15 provides the benefits of unitary adjudication, economies of scale, and comprehensive adjudication
16 by a single court.

17 39. Plaintiff's claims are typical of the claims of the class in that the claims of all
18 members of the Class result from Allied/AMCO's actions in uniformly and wrongly applying an
19 inapplicable exclusion to preclude insurance coverage for otherwise covered business personal
20 property losses.

21 40. There is no conflict between the representative Plaintiff and other members of the
22 Class with respect to this action, or with respect to the claims for relief herein set forth.

23 41. The named Plaintiff is the representative party for the Class and is able to and will
24 fairly and adequately protect the interests of the Class.

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VI.

FIRST CAUSE OF ACTION
(Declaratory Relief – Duty to Indemnify)
By FCI and the Class Against All Defendants Except MMA

42. FCI realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 41 above.

43. An actual controversy has arisen and now exists between Plaintiffs and Defendants, in that Plaintiffs contend that Defendants are contractually obligated and/or are otherwise legally responsible to indemnify Plaintiffs for covered losses. Defendants contend they have no obligation to indemnify Plaintiffs because exclusions or limitations exist to preclude coverage. However, Plaintiffs contend that their policies cover the claims. As such, Plaintiffs contend that Defendants have a duty to indemnify Plaintiffs against direct and consequential losses.

44. Plaintiffs desire a judicial determination of the respective rights and obligations of Defendants and Plaintiffs with respect to Plaintiffs' claims for indemnity for losses described above.

45. Such a judicial determination is necessary and appropriate in order that Plaintiffs may ascertain and enforce their rights and obligations as insureds under the policy terms.

VII.

SECOND CAUSE OF ACTION
(Breach of Contract – Failure to Indemnify)
By FCI and the Class Against All Defendants Except MMA

46. FCI realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 45 above.

47. The policy terms require Defendants to indemnify Plaintiffs against loss to Business Personal Property.

48. Plaintiffs fully or substantially complied with all contractual obligations under the applicable policy issued by Defendants or were excused from doing so as a result of Defendants' actions and Defendants' refusal or failure to fully indemnify Plaintiffs. Notwithstanding this fact, Defendants refused to properly investigate Plaintiffs' claims and/or failed to indemnify Plaintiffs

1 in breach of the obligations set forth in the policy. In particular, Defendants had a custom and
 2 practice of ignoring the policy provision which specifically provided that events beyond the
 3 control of its insureds (such as maintenance required to be performed by another party) would not
 4 affect coverage.

5 49. As a direct and proximate result of such breaches by Defendants, Plaintiffs have
 6 suffered and will continue to suffer damages.

7 VIII.

8 **THIRD CAUSE OF ACTION** 9 **(Breach of Duty of Good Faith and Fair Dealing)** 10 **By FCI and the Class Against All Defendants Except MMA**

11 50. FCI realleges and incorporates by reference each and every allegation contained in
 12 paragraphs 1 through 49 above.

13 51. By issuing a policy providing coverage to Plaintiffs, Defendants assumed
 14 obligations of trust, confidence, and utmost good faith to Plaintiffs. By virtue of having assumed
 15 these obligations, Defendants owed Plaintiffs a duty of good faith and fair dealing, obligating
 16 Defendants to place Plaintiffs' interests equal with or ahead of their own respective interests and
 17 to do nothing to deprive Plaintiffs of the benefits of the policy.

18 52. Defendants sought to protect their own interests and breached their obligations to
 19 act fairly and in good faith towards Plaintiffs by engaging in, but not limited to, the following
 20 unreasonable conduct:

- 21 a. Failing to conduct reasonable and unbiased investigations to fully
 22 evaluate Plaintiffs' requests for indemnity;
- 23 b. Purposefully concealing the fact that IRI was inspecting FCI's premises
 24 for the sole purpose of making a coverage determination;
- 25 c. Failing to offer FCI the ability to have an independent investigation of
 26 the premises completed prior to the coverage decision;
- 27 d. Unreasonably refusing to acknowledge and honor their obligations to
 28 Plaintiffs under the policy;
- e. Basing coverage decisions on a desire to reduce and/or avoid their
 obligations to Plaintiffs;
- f. Drafting an insurance policy that is intentionally ambiguous or illusory
 so that Allied/AMCO can purposefully deprive Plaintiffs of coverage;
 and
- g. Unreasonably denying coverage to Plaintiffs for business personal
 property and business income loss by applying policy exclusions or
 limitations that only possibly exclude coverage to building or premises
 losses—which coverage that was not included in the policy. These
 limitations or exclusions include, but are not limited to

- 1 exclusions/limitations regarding: "wear and tear," "deterioration or
2 decay," "negligent work," and "wind, rain, salt, or dust."
3 h. Purposefully failing to consider policy language providing that
4 circumstances beyond Plaintiffs' control do not affect coverage.

5 53. Defendant's reasons for withholding benefits due under the policy were
6 unreasonable. Defendants' refusal to defend or indemnify rested on false determinations that
7 various exclusions barred coverage. However, a thorough reading of those exclusions/limitations
8 clearly shows that coverage for Plaintiffs' losses is not barred under the Policy.

9 54. By engaging in the foregoing conduct, Defendants purposely deprived Plaintiffs of
10 the rights and benefits as an insured under the policy in a nature and amount to be proven at the
11 time of trial.

12 55. Defendants, by and through their officers, directors, and/or managing agents,
13 authorized or ratified the wrongful acts of their employees as herein described or knew in advance
14 that the employee was likely to commit such acts, and employed him or her with conscious
15 disregard of the rights of others.

16 56. As a direct and proximate result of such breaches by Defendants, Plaintiffs have
17 been injured and have suffered and continue to suffer damage in an amount as yet to be fully
18 ascertained. Such damages include economic damages including but not limited to, legal costs
19 incurred to obtain the benefits of coverage as an insured; the cost to repair and replace damaged
20 business personal property; lost business income; and other foreseeable damages in a total sum to
21 be determined at the time of trial, including prejudgment interest at the legal rate.

22 IX.

23 SIXTH CAUSE OF ACTION 24 (Negligence) 25 Against MMA and DOES 1-100

26 57. FCI realleges and incorporates by reference each and every allegation contained in
27 paragraphs 1 through 56 above.

28 58. MMA owed a general duty of care to FCI, as the broker of record for the subject
Policy. Such duty of care existed despite the fact that MMA was acting as an authorized agent for
Allied and AMCO.

59. MMA owed a duty to FCI to recommend an appropriate policy for FCI. FCI told MMA that it was a specialty printer and that their business housed and relied upon over a million dollars worth of highly sensitive printers and appliances. FCI specifically relied on MMA's expertise in the field of business personal property policies, purchasing the subject policy under the belief it would cover the damages to FCI's business that were beyond FCI's control. MMA assured FCI that FCI had such coverage.

60. MMA breached its duty of care by failing, among other things, to advise FCI of the risk of non-coverage under the Allied and AMCO policy; failing to recommend a better policy; and for recommending Allied and AMCO in the first place.

61. As a direct and proximate result of MMA's breaches of duty as alleged herein, FCI has been injured and has suffered and continues to suffer damage in an amount as yet to be fully ascertained. Such damages include FCI's economic damages including but not limited to, legal costs incurred to obtain the benefits of FCI's coverage as an insured; the cost to repair and replace damaged business personal property; lost business income; and other foreseeable damages in a total sum to be determined at the time of trial, including prejudgment interest at the legal rate.

X.

SEVENTH CAUSE OF ACTION

(Violation of Business & Professions Code §§ 17200 et. seq.)

By FCI and the Class Against All Defendants Except MMA

62. FCI realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 61 above.

63. California Business and Professions Code Section 17200, commonly referred as the Unfair Competition Law or "UCL," prohibits "any unlawful, unfair or fraudulent business act or practice." Unlawful business acts are those which are in violation of any federal, state, or municipal statutes or codes, as well as state and federal regulations.

64. It is fraudulent and unfair for Defendants to misinterpret their policy exclusions to preclude coverage. Defendants sought to increase their profit margins by not paying out covered claims. Defendants maintained an unfair business advantage over competitors, who do not wrongfully exclude coverage and have increased difficulty competing with Defendants.

1 Defendants' conduct offends public policy, is immoral, unscrupulous, unethical and offensive, and
2 causes substantial injury to consumers.

3 65. Defendants' practice is also unlawful. California Insurance law requires insurers to
4 accurately and fully indemnify insureds according to the policy terms.

5 66. Defendants' practices described above were likely to mislead and did mislead the
6 insured public into believing there was no coverage for covered claims under the insurance policy
7 at issue here.

8 67. As a direct and proximate result of Defendants' unfair competition in violation of
9 the UCL, Plaintiff was individually injured in fact and lost money, and members of the public
10 have also been injured in fact and lost money in sums exceeding the jurisdictional minimum of
11 this Court, in an amount to be proven at the time of trial. Plaintiff was forced to pay sums out of
12 pocket to repair business personal property which should have been paid by Defendants under the
13 policy. Plaintiff requests this Court order, as it is empowered to order, restitution to all persons
14 who were similarly affected by Defendants' wrongful denial of coverage.

15 68. Defendants' unfair competition in violation of the UCL also presents a continuing
16 threat to members of the general public in that Defendants are continuing, and will continue,
17 unless enjoined, to commit unlawful, unfair, and/or fraudulent business acts or practices. Plaintiff
18 requests that this Court order a preliminary and permanent injunction against such acts and
19 practices.

20 69. Plaintiff seeks recovery of all attorneys' fees and litigation expenses pursuant to
21 California Code of Civil Procedure section 1021.5. Alternatively, Plaintiff seeks recovery of all
22 attorneys' fees and all litigation expenses pursuant to the substantial benefit doctrine. Plaintiff
23 also seeks recovery of all attorneys' fees and other litigation expenses to be paid under the
24 common fund doctrine or other authority requiring Defendants to pay Plaintiff's attorneys' fees
25 and litigation expenses.

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XI.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff FLAGCRAFTERS, INC. on behalf of itself and all others similarly situated prays for judgment against Defendants as follows:

1. For a Declaration of the Parties Right and Obligations;
2. For payment of all economic damages according to proof;
3. For disgorgement of Allied/AMCO's ill gotten gains in violating Section 17200.
4. For costs of the suit incurred herein;
5. For attorneys' fees; and
6. For such other and further relief as the court may deem just and proper.

NICHOLAS & BUTLER, LLP

Dated: November 12, 2010

By: Tracy J. Jones

Matthew B. Butler
Tracy J. Jones
Attorneys for Plaintiff
FLAGCRAFTERS, INC.

EXHIBIT A

**Allied
Insurance**a Nationwide® company
On Your Side®AMCO INSURANCE COMPANY
1100 LOCUST ST DEPT 1100
DES MOINES, IA 50301-200084 07054
RENEWAL**PREMIER BUSINESSOWNERS POLICY**

PREMIER PROCESS/SERVICE

COMMON DECLARATIONS

Policy Number: ACP BPS 7813470894

Named Insured: FLAGCRAFTERS INC - DBA

FLAGCRAFTERS

Mailing Address: 1120 BAY BLVD STE E&F

CHULA VISTA, CA 91911-7169

Agency: MARRS MADDOCKS & ASSOCIATES

CSC

Address: CARLSBAD CA 92008-6504

Agency Phone Number: (760)944-6402

Policy Period: Effective From 05-15-09 To 05-15-10

12:01 AM Standard Time at your principal place of business.

Form of your business entity: CORPORATION

Description of your business: SIGN SHOP

**IN RETURN FOR THE PAYMENT OF THE PREMIUM AND SUBJECT TO ALL THE TERMS OF THIS POLICY,
WE AGREE TO PROVIDE THE INSURANCE STATED IN THIS POLICY.**

CONTINUATION PROVISION: If we offer to continue your coverage and you or your representative do not accept, this policy will automatically terminate on the expiration date of the current policy period stated above. Failure to pay the required premium when due shall mean that you have not accepted our offer to continue your coverage. This policy will terminate sooner if any portion of the current policy period premium is not paid when due.

RENEWAL POLICY NOTICE: In an effort to keep insurance premiums as low as possible, we have streamlined your renewal policy by not including printed copies of policy forms or endorsements that have not changed from your expiring policies, unless they include variable information that is unique to you. Refer to your prior policies for printed copies of these forms. If you have a need for any form, they are available by request from your agent.

IMPORTANT INFORMATION FOR CALIFORNIA POLICYHOLDERS: Companies writing property and casualty insurance in California are required to participate in the California Insurance Guarantee Association. If a company becomes insolvent, the California Insurance Guarantee Association settles unpaid claims and assesses each insurance company for its fair share. California law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged, "CA Surcharge" with an amount will appear on your premium notice.

If you should have any questions or problems with this policy, please first contact your agent or a Company representative. If after doing so, we have failed to produce a satisfactory solution to your problem, you may contact the CALIFORNIA DEPARTMENT OF INSURANCE at 1-800-927-4357 (for TDD, 1-800-482-4833) or write them at: California Department of Insurance, Consumer Communication Bureau, 300 South Spring Street, South Tower, Los Angeles, CA 90013.

TOTAL POLICY PREMIUM \$ 8,148.00

Previous Policy Number	STATUS	I
ACP BPS 7803470894	ENTRY DATE	04-02-09
		Countersignature
		Date

These Common Policy Declarations, together with the Common Policy Conditions, Coverage Form Declarations, Coverage Forms and any endorsements issued to form a part thereof, complete the Policy numbered above.

PB 01 00 (01-01)

Page 1 of 2

DIRECT BILL LAPA

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78 31025

PREMIER BUSINESSOWNERS POLICY

PREMIER PROCESS/SERVICE

SCHEDULE OF NAMED INSURED

Policy Number: ACP BPS 7813470884

From 05-15-09

Policy Period:
To 05-15-19

Named Insured:

FLAGCRAFTERS INC - DBA
FLAGCRAFTERS

PB 81 00 (01-01)

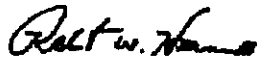
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Page 2 of 2

78 31028

AMCO INSURANCE COMPANY

IN WITNESS WHEREOF the Company has caused this policy to be signed by its president and secretary and countersigned on the declarations page by a duly authorized representative of the company.



SECRETARY



PRESIDENT

SP 00 02 01 08

Page 1 of 1

ACP BPS 7813470894

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78 31027

PREMIER BUSINESSOWNERS POLICY**PREMIER PROCESS/SERVICE****PROPERTY DECLARATIONS**Policy Number: **ACP BPS 7813470894**Policy Period:
From **05-15-08** To **05-15-10**

Description of Premises Number: **002** Building Number: **001** Construction: **JOISTED MASONRY**
 Premises Address **1120 BAY BLVD STE E&F** **CHULA VISTA** **CA** **91911-7168**
 Occupancy **T** Classification: **PRINTING AND DUPLICATING**
 Described as: **BANNER - SIGN SHOP**

WE PROVIDE INSURANCE ONLY FOR THOSE COVERAGES INDICATED BY A LIMIT OR BY "INCLUDED".

The Property Coverage provided at this premises is subject to a \$ 1,000 Deductible, unless otherwise stated.

COVERAGES**Building -**

Business Personal Property - Replacement cost

LIMITS OF INSURANCE**NOT PROVIDED****\$1,543,500****ADDITIONAL COVERAGES - the Coverage Form includes other Additional Coverages not shown.**

Business Income - ALS - 12 Months - NO Hour Waiting Period - 60 Day Ordinary Payroll Limit

INCLUDED

Extra Expense - Actual Loss Sustained (ALS) - 12 Months - NO Hour Waiting Period

INCLUDED

Equipment Breakdown

INCLUDED

Automatic Increase in Insurance - Building

6%

Automatic Increase in Insurance - Business Personal Property

2.9%

Back Up of Sewer and Drain Water (limit shown per Building, subject to \$25,000 policy aggregate)

\$5,000**OPTIONAL INCREASED LIMITS**

Account Receivable

Included Limit**Additional Limit**

Valuable Papers and Records (At the Described Premises)

\$25,000**\$25,000**

Forgery and Alteration

\$25,000**\$25,000**

Money and Securities - Inside the Premises

\$10,000**\$10,000**

Outside the Premises (Limited)

\$10,000**\$10,000**

Outdoor Signs

\$10,000**\$10,000**

Outdoor Trees, Shrubs, Plants and Lawns

\$2,500**\$2,500**

Business Personal Property Away From Premises

\$10,000**\$10,000**

Business Personal Property Away From Premises - Transit

\$15,000**\$15,000****\$15,000****OPTIONAL COVERAGES - Other frequently purchased coverage options.**

Employee Dishonesty

NOT PROVIDED

Ordinance or Law - 1 - Loss to Undamaged Portion

NOT PROVIDED

2 - Demolition Cost and Broadened Increased Cost of Construction

NOT PROVIDED**PROTECTIVE SAFEGUARDS**

This premise has one or more PROTECTIVE SAFEGUARDS identified by symbols herein. Insurance at this premise will be suspended if you do not notify us immediately if any of these safeguards are impaired. See PB 04 30 for a description of each symbol. APPLICABLE SYMBOLS: P-7,

PB 01 01 (01-01)

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Page 1 of 2

78 31028

PREMIER BUSINESSOWNERS POLICY

PREMIER PROCESS/SERVICE

MORTGAGEE ASSIGNMENT INFORMATION

Policy Number: ACP BPS 7813470884

Policy Period:
From 05-15-08 To 05-15-10

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

Assignment No:
Address:
Additional Interest:
Interest:

Mortgagee Name:

Loan Number:

PB 81 01 (01-01)

Page 2 of 2

31028

PREMIER BUSINESSOWNERS POLICY**PREMIER PROCESS/SERVICE****LIABILITY DECLARATIONS**Policy Number: **ACP BPS 7813470894**Policy Period:
From **05-15-08** To **05-15-10****WE PROVIDE INSURANCE ONLY FOR THOSE COVERAGES INDICATED BY A LIMIT OR BY "INCLUDED".****COVERAGES****LIMITS OF INSURANCE**

Liability and Medical Payments	Per Occurrence	\$2,000,000
Medical Payments Coverage Sub Limit	Per Person	\$5,000
Tenants Property Damage Legal Liability Sub Limit	Per Covered Loss	\$300,000
Personal and Advertising Injury	Per Person Or Organization	\$2,000,000
Products - Completed Operations Aggregate	All Occurrences	\$4,000,000
General Aggregate (Other than Products - Completed Operations)	All Occurrences	\$4,000,000

AUTOMATIC ADDITIONAL INSURED STATUS

The following persons or organizations are automatically insureds when you and they have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy.

Co-Owners of Insured Premises	Included in Liability & Medical Payments Limit
Controlling Interest	Included in Liability & Medical Payments Limit
Grantor of Franchise or License	Included in Liability & Medical Payments Limit
Lessor of Leased Equipment	Included in Liability & Medical Payments Limit
Managers or Lessors of Leased Premises	Included in Liability & Medical Payments Limit
Mortgagee, Assignee or Receiver	Included in Liability & Medical Payments Limit
Owners or Other Interest from Whom Land has been Leased	Included in Liability & Medical Payments Limit
State or Political Subdivisions - Permits Relating to Premises	Included in Liability & Medical Payments Limit

PROPERTY DAMAGE DEDUCTIBLE

NONE

OPTIONAL COVERAGES

Printers Errors and Omissions Liability	Per Occurrence	\$2,000,000
	Aggregate	\$6,000,000

PB 81 03 (01-01)

DIRECT BILL LAPA

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78 31830

PREMIER BUSINESSOWNERS POLICY**PREMIER PROCESS/SERVICE****FORMS AND ENDORSEMENTS SUMMARY**

Policy Number: ACP BPS 7813470884

From 05-15-08

Policy Period:
To 05-15-10

FORM NUMBER	TITLE	
PB0804	1203	PRINTERS ERRORS AND OMISSIONS LIABILITY
PB0002	0108	PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PB0006	0101	PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM
PB9004	0605	CALIFORNIA AMENDATORY ENDORSEMENT
PB0009	0406	PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS
LI0021	0101	NUCLEAR ENERGY LIABILITY EXCLUSION
PB0534	0108	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM; EXCLUSION -
PB2999	0102	EXCLUSION - FUNGI OR BACTERIA
PB0564	0605	CONDITIONAL EXCLUSION OF TERRORISM - EXCLUSION OF WAR
PB2998	0908	EXCLUSION - VIOLATION OF CONSUMER PROTECTION STATUTES
PB0430	0101	PROTECTIVE SAFEGUARDS
PB0412	0101	LIMITATION OF COVERAGE TO DESIGNATED PREMISES

PB 51 03 (01-01)

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78 31831

PREMIER BUSINESSOWNERS POLICY**PREMIER PROCESS/SERVICE****AGENT PREMIUM SUMMARY**Policy Number: **ACP BPS 7813470884**Policy Period:
From **05-15-09** To **05-15-10**

Loc /Bldg	Coverage	Limits	Premium
	POLICY WIDE OPTIONAL COVERAGES		
	NONE		
02 01	PERSONAL PROPERTY	1,543,500	6,027
	EQUIPMENT BREAKDOWN	INCLUDED	82
	LIABILITY	2,000,000	2,039
	BUILDING TOTAL PREMIUM		8,148

If an " " is shown for a coverage, then the limit shown is the additional amount of insurance for that coverage - see the Declarations page for the total amount.

PS 81 PS (01-01)**DIRECT BILL LAPA****KM****AGENT COPY****UID****KS****78 31032**

EFFECTIVE DATE: 12:01 AM Standard Time,
(at your principal place of business)

BUSINESSOWNERS
PB AI 02 (01-01)

ACKNOWLEDGEMENT OF ADDITIONAL INSURED STATUS MANAGERS OR LESSORS OF LEASED PREMISES

Person or Organization Designated as an Additional Insured:

LATITUDE 42, LLC
C/O WITT PROPERTIES
2474 SAN DIEGO AVE STE C
SAN DIEGO CA 92110

Designated Premises (Part Leased to the Named Insured):

1120 BAY BLVD STE EAF
CHULA VISTA CA 919117108

This form has been sent to you to acknowledge your status as an additional insured under our, meaning the
issuing Company stated below, Insurance policy issued to the Named Insured shown below.

Under our Premier Businessowners Liability Coverage Form, Section II. WHO IS AN INSURED provides as
follows:

Any of the following persons or organizations are automatically insureds when you (i.e. the Named Insured
stated below) and such person or organization have agreed in a written contract or agreement that such
person or organization be added as an additional insured on your policy providing general liability coverage.

Managers or Lessors of Leased Premises

Any person or organization from whom you lease premises is an additional insured, but only with respect to
their liability arising out of your use of that part of the premises leased to you, subject to the following
additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new
construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when you cease to be a tenant of such
premises.

The policy language set forth above is subject to all of the terms and conditions of the policy issued to the Named
Insured shown below. For your information, our Named Insured, the Policy Number, Policy Term and Limits of
Insurance are stated below.

Named Insured **FLAGCRAFTERS INC - DBA**

Issuing Company: **AMCO INSURANCE COMPANY**
Policy Number: **ACP BPS 7813470894**
Policy Term: **05-15-09 To 05-15-10**
Limits of Insurance: **Per Occurrence \$2,000,000**
 All Occurrences \$4,000,000

PB AI 02 (01-01)

ACP BPS 7813470894

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Page 1 of 1

78 31033

EFFECTIVE DATE: 12:01 AM Standard Time,
(at your principal place of business)

BUSINESSOWNERS
PB 04 30 (01-01)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

NOTICE

YOU RISK THE LOSS OF PROPERTY INSURANCE COVERAGE AT PREMISES DESIGNATED IN THE DECLARATIONS IF YOU FAIL TO MAINTAIN ANY OF THE APPLICABLE PROTECTIVE SAFEGUARDS, LISTED BY SYMBOL IN THE DECLARATIONS.

Our requirement that you maintain the protective safeguard is in consideration of a significant premium reduction. If you do not wish to commit to the requirements expressed in this endorsement, at our option, your insurance may be continued. However, the credit for such protection would not be applied.

Your acceptance of this policy in the payment of premium when due constitutes your understanding and acknowledgement that you risk the loss of insurance at the premises designated if you fail to maintain the protective safeguard and your acceptance and agreement with the terms of this endorsement.

SCHEDULE

Prem. / Bldg. No. Description of P-1 Protective Safeguard:

The following condition is added to Section F. PROPERTY GENERAL CONDITIONS:

Protective Safeguards

- A. As a condition of this insurance, you are required to maintain the protective devices or services designated by symbol in the Declarations.
- B. This insurance will be automatically suspended at the premises shown in the Declarations if you fail to notify us when you:
 - 1. Know of any suspension or impairment in the protective safeguards;
 - 2. Fail to maintain the protective safeguards over which you have control in complete working order; or
 - 3. Add any cooking equipment and operate it prior to adding or extending any Fire Suppression System that is required by code to protect it.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

- C. The protective safeguards to which this endorsement applies are identified in the Declarations by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services. Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - 1) Sprinklers and discharge nozzles;
 - 2) Ducts, pipes, valves and fittings;
 - 3) Tanks, their component parts and supports; and
 - 4) Pumps and private fire protection mains.

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ACP BPS 7813470894

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b. When supplied from an automatic fire protective system:

- 1) Nonautomatic fire protective systems; and
- 2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-5" Watchman Service based on contract with a privately owned security company providing premises protection services to the described premises.

"P-6" Local Burglar Alarm which operates a sound or visual device at the described premises in the event of an unauthorized or attempted entry.

"P-7" Central Station Burglar Alarm which, in the event of an unauthorized or attempted entry at the described premises, will automatically transmit an alarm signal to a Central Station. A current monitoring contract with an approved Central Station must be maintained.

"P-8" Fire Suppression System, including related supervisory services. Fire Suppression System means any automatic fire protective or extinguishing system designed to protect cooking equipment (i.e. cooking surfaces, deep fat fryers, grease ducts and hoods) including connected:

- a. Sprinklers and discharge nozzles;
- b. Ducts, pipes, valves and fittings; and
- c. Tanks, their component parts and supports.

"P-9" The protective system described in the Schedule of this endorsement.

All terms and conditions of this policy apply unless modified by this endorsement.

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78 31035

BUSINESSOWNERS
PB 08 04 12 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRINTERS ERRORS AND OMISSIONS LIABILITY

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

- A. In Section I. COVERAGES, under both COVERAGE A and COVERAGE B, the following is added to the Insuring Agreements:

We will also pay those sums that the insured becomes legally obligated to pay as damages resulting from the insured's negligent act, error or omission in providing printing services, advice or instructions.

For this endorsement, the definition of "occurrence" is amended to include any such negligent act, error or omission.

- B. In Section I. COVERAGES, both COVERAGE A and COVERAGE B, under 2. EXCLUSIONS, the following exclusions are added:

This insurance, including any duty we have to defend "suits", does not apply to any claim:

- a. Resulting from a criminal act, including but not limited to fraud committed by the insured or any person for whom the insured is legally responsible.
- b. Resulting from infringement of copyright, trademark, service mark or trade name (other than titles or slogans) by use of such marks or names with goods, products or services sold, offered for sale or advertised.
- c. For reimbursement of costs of printing or printing materials.
- d. Resulting from insolvency or bankruptcy of the insured.
- e. Resulting from any publishing function of the insured.
- f. Resulting from the writing of materials for customers.

The exclusions in Section I. COVERAGES also apply to any negligent act, error or omission in providing printing services, advice or instructions.

- C. With respect to the coverage provided by this endorsement, in Section I. COVERAGES:

1. A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, under 2. EXCLUSIONS, exclusion v. Professional Services does not apply.
2. B. COVERAGE B – PERSONAL AND ADVERTISING INJURY, under 2. EXCLUSIONS, exclusion a.(16) does not apply.

- D. The following is added to Section III. LIMITS OF INSURANCE AND DEDUCTIBLE:

1. For the purpose of determining the limits of insurance that apply to the coverage provided by this endorsement, any act or omission, together with all related acts or omissions, in the furnishing of professional printing service, advice or instruction shall be deemed to constitute one "occurrence".
2. Occurrence Limit of Insurance. The Occurrence limit shown in the Declarations for Printers Errors and Omissions Liability is the most we will pay for injury or damage because of printing acts, errors and omissions in any one "occurrence".
3. Aggregate Limit of Insurance. The Aggregate limit shown in the Declarations for Printers Errors and Omissions Liability is the most we will pay for injury or damage because of printing acts, errors and omissions arising from all "occurrences".

Neither the Liability And Medical Payments Limit of Insurance shown in the Declarations nor its aggregate limits apply to such damages.

All terms and conditions of this policy apply unless modified by this endorsement.

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BUSINESSOWNERS
PB 00 02 01 08

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

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PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insureds shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Please refer to Section H. PROPERTY DEFINITIONS.

A. COVERAGES

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. COVERED PROPERTY

Covered Property, as used in this policy, means Buildings and Business Personal Property as described in paragraphs a. and b. in this section A.1., if a Limit of Insurance is shown in the Declarations for that type of property.

HOWEVER, there is no coverage for property described under A.2. PROPERTY NOT COVERED, unless an exception is stated for that property.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery;
 - (b) Equipment; and
 - (c) Tanks, including pumps;
- (4) Your personal property in apartments or rooms furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings;
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and

- (e) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, mast and towers;

(6) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the buildings or structures;
- (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures; and

(7) Garages, storage buildings, spas, swimming pools, fences, retaining walls or other appurtenant structures usual to your business, but only if:

- (a) Coverage is not provided for such structures under the Appurtenant Structures Additional Coverage; and
- (b) Such structures are then described in the Declarations.

b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following:

- (1) Personal property you own that is used in your business, including but not limited to furniture, fixtures, machinery, equipment and "stock";
- (2) Personal property of others that is in your care, custody or control, except as otherwise provided in Condition 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS;
- (3) Tenant improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

- (a) Made a part of the building or structure you occupy but do not own; and
- (b) You acquired or made at your expense but cannot legally remove; and
- (4) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under paragraph (2) personal property of others above.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. "Money" or "securities" except as provided in:
 - (1) Money and Securities Additional Coverage; or
 - (2) Employee Dishonesty under Section G. OPTIONAL COVERAGES;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops;
- e. Outdoor signs (other than signs attached to buildings), trees, shrubs, plants or lawns (other than "stock" of trees, shrubs or plants), all except as provided in the:
 - (1) Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension; or
 - (2) Outdoor Signs Coverage Extension;
- f. Watercraft (including motors, equipment and accessories) while afloat;
- g. Gasoline or diesel fuel contained in above ground or underground storage tanks;
- h. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect it or not) from that other insurance;
- i. The cost to research, replace or restore the information on "valuable papers and records", including those which exist on "electronic media or records", except as provided in the Valuable Papers Coverage Extension;

- j. Grain, hay, straw or other crops while outside of buildings; or
- k. Exterior building glass, except as provided in the Exterior Building Glass Additional Coverage.

3. COVERED CAUSES OF LOSS

This Coverage Form insures against Risks Of Direct Physical Loss unless the loss is:

- a. Excluded in Section B. EXCLUSIONS;
- b. Limited in Paragraph A.4. LIMITATIONS in this section; or
- c. Limited or excluded in Section E. PROPERTY LOSS CONDITIONS or Section F. PROPERTY GENERAL CONDITIONS;

that follow.

4. LIMITATIONS

- a. We will not pay for loss of or damage to:
 - (1) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to Money and Securities Additional Coverage.
 - (2) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - (3) Fences, spas, outdoor swimming pools and related equipment, retaining walls, pavements, bulkheads, pillars, wharves or docks caused by freezing or thawing, impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not.
 - (4) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- b. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by one of the "specified causes of loss" or building glass breakage. This limitation does not apply to:
 - (1) Glass that is part of the interior of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$250 or less per item.
 - (3) \$2,500 for patterns, dies, molds and forms.

5. ADDITIONAL COVERAGES

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Debris Removal Additional Coverage is:
 - (a) 25% of the amount we pay for the direct physical loss of or damage to Covered Property; plus
 - (b) The deductible in this policy applicable to that loss or damage.

This Debris Removal Additional Coverage will not increase the Limits of Insurance provided by this policy. HOWEVER, this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

- (3) This Debris Removal Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water;
 - (b) Remove, restore or replace polluted land or water; or
 - (c) Extract "pollutants" from Covered Property.

- (4) If:
 - (a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (b) The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above;

we will pay up to an additional \$25,000 for each premises in any one occurrence under this Debris Removal Additional Coverage.

b. Preservation Of Property

- (1) If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:
 - (a) While it is being moved or while temporarily stored at another premises; and
 - (b) Only if the loss or damage occurs within 45 days after the property is first moved.
- (2) This Preservation of Property Additional Coverage will not increase the Limits of Insurance provided by this policy.

c. Fire Department Service Charge

- (1) When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we

will pay up to \$25,000 for your liability for fire department service charges:

- (a) Assumed by contract or agreement prior to loss; or
- (b) Required by local ordinance.
- (2) The limit for this Fire Department Service Charge Additional Coverage is in addition to the Limits of Insurance.
- (3) No deductible applies to this Fire Department Service Charge Additional Coverage.
- d. **Fire Extinguisher Recharge**
 - (1) We will pay the expense you incur to recharge portable fire extinguishers when used to combat a covered fire.
 - (2) This Fire Extinguisher Recharge Additional Coverage is not subject to the Limits of Insurance.
 - (3) No deductible applies to this Fire Extinguisher Recharge Additional Coverage.
- e. **Collapse**
 - (1) With respect to buildings:
 - (a) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of a building cannot be occupied for its intended purpose;
 - (b) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
 - (c) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of a building; and
 - (d) A building that is standing, or any part of a building that is standing, is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (2) We will pay for direct physical loss of or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if the collapse is caused by one or more of the following:
 - (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;
 - (b) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - (c) Insect or vermin damage that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - (d) Weight of people or personal property;
 - (e) Weight of rain, ice, hail or snow that collects on a roof;
 - (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. HOWEVER, if the collapse occurs after construction, remodeling, or renovation is complete and is caused at least in part by a cause of loss listed in (2)(a) through (2)(e) above, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.
- (3) With respect to the following property:
 - (a) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, mast or towers;
 - (b) Awnings, gutters and downspouts;
 - (c) Yard fixtures;
 - (d) Outdoor swimming pools;
 - (e) Fences;

- (f) Bulkheads, pilings, piers, wharves and docks;
- (g) Beach or diving platforms or appurtenances;
- (h) Retaining walls; and
- (i) Walks, roadways and other paved surfaces;

If the collapse is caused by a cause of loss listed in (2)(b) through (2)(f) above, we will pay for loss or damage to that property in (a) through (i) above only if:

- (i) Such loss or damage is a direct result of the collapse of a building insured under this policy; and
 - (ii) The property is Covered Property under this policy.
- (4) If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building or any part of a building, we will pay for loss of or damage to Covered Property caused by such collapse of personal property only if:
- (a) The collapse was caused by a Cause of Loss listed in (2)(a) through (2)(f) above;
 - (b) The personal property which collapses is inside a building; and
 - (c) The property which collapses is not of a kind listed in (3) above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this paragraph (4) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (5) This Collapse Additional Coverage will not increase the Limits of Insurance provided in this policy.

f. Water Damage, Other Liquids, Powder Or Molten Material Damage

- (1) If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we

will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

- (2) We will not pay the cost to repair any defect that caused the loss or damage except as provided in Equipment Breakdown Additional Coverage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (a) Results in discharge of any substance from an automatic fire protection system; or
- (b) Is directly caused by freezing.

- (3) This Water Damage Additional Coverage will not increase the Limits of Insurance provided in this policy.

g. Business Income

- (1) **Business Income with Ordinary Payroll Limitation**

- (a) We will pay for the actual loss of "business income" you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

- (b) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (i) The portion of the building which you rent, lease or occupy; and
- (ii) Any area within the building or on the site at which the described premises are located, if that area services,

or is used to gain access to, the described premises.

- (c) We will only pay for loss of "business income" that you sustain during the "period of restoration" and that occurs within the number of consecutive months shown in the Declarations for Business Income – Actual Loss Sustained after the date of direct physical loss or damage. We will only pay for "ordinary payroll expenses" for the number of days shown in the Declarations for Ordinary Payroll Limit following the date of direct physical loss or damage.

(2) Extended Business Income

- (a) If the necessary suspension of your "operations" produces a "business income" loss payable under this policy, we will pay for the actual loss of "business income" you incur during the period that:
- (i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
 - (ii) Ends on the earlier of:
 - i. The date you could restore your "operations", with reasonable speed, to the level which would generate the "business income" amount that would have existed if no direct physical loss or damage had occurred; or
 - ii. Sixty (60) consecutive days after the date determined in (2)(a)(i) above, unless a greater number of days is shown for Extended Business Income Increased Period of Indemnity in the Declarations for a designated premises.

HOWEVER, Extended Business Income does not apply to loss of "business income" incurred as a result of unfavorable business conditions caused by the impact

of the Covered Cause of Loss in the area where the described premises are located.

- (b) Loss of a "business income" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.
- (3) This Business Income Additional Coverage is not subject to the Limits of Insurance.

h. Extra Expense

- (1) We will pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.
- (2) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:
- (a) The portion of the building which you rent, lease or occupy; and
 - (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (3) We will only pay for "extra expense" that occurs within the number of consecutive months shown in the Declarations for Extra Expense after the date of direct physical loss or damage.
- (4) This Extra Expense Additional Coverage is not subject to the Limits of Insurance.

i. Pollutant Clean Up And Removal

- (1) We will pay your expense to extract "pollutants" from land, water or Covered Property at the described premises if the discharge, dispersal,

seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) This Pollutant Clean Up And Removal Additional Coverage does not apply to:

- (a) Costs to test for, monitor or assess the existence, concentration or effects of "pollutants"; or
- (b) Any penalties or assessments that may be charged against you due to any statute, regulation or ordinance.

But we will pay for testing which is performed in the course of extracting the "pollutants" from land or water.

- (3) The most we will pay for each location under this Pollutant Clean Up And Removal Additional Coverage is \$25,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.
- (4) The limit for this Pollutant Clean Up And Removal Additional Coverage is in addition to the Limits of Insurance.

J. Civil Authority

- (1) We will pay for the actual loss of "business income" you sustain and necessary "extra expense" caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.
- (2) The coverage for "business income" will begin 72 hours after the time of that action and will apply for a period of up to 30 days after coverage begins.
- (3) The coverage for necessary "extra expense" will begin immediately after the time of that action and ends:
 - (a) 30 days after the time of that action; or

- (b) When your "business income" coverage ends;

whichever is later.

- (4) This Civil Authority Additional Coverage is not subject to the Limits of Insurance.

K. Money Orders And Counterfeit Paper Currency

- (1) We will pay for loss due to the good faith acceptance of:
 - (a) Any U.S. or Canadian post office, express company, or national or state (or Canadian) chartered bank money order that is not paid upon presentation to the issuer; or
 - (b) Counterfeit United States or Canadian paper currency; in exchange for merchandise, "money" or services or as part of a normal business transaction.
- (2) The most we will pay for any loss under this Money Orders And Counterfeit Paper Currency Additional Coverage is \$5,000.
- (3) The limit for this Money Orders And Counterfeit Paper Currency Additional Coverage is in addition to the Limits of Insurance.

L. Forgery And Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$10,000, unless a higher Limit of Insurance is shown in the Declarations.

- (4) The limit for this Forgery And Alteration Additional Coverage is in addition to the Limits of Insurance.

m. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in paragraphs (3) through (9) of this Increased Cost Of Construction Additional Coverage.
- (3) The ordinance or law referred to in paragraph (2) of this Increased Cost Of Construction Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Increased Cost Of Construction Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Increased Cost Of Construction Additional Coverage, we will not pay any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- (6) The most we will pay under this Increased Cost Of Construction Additional Coverage, for each described building insured under this Coverage Form, is \$25,000. The limit for this Increased Cost Of Construction Additional Coverage is in addition to the Limits of Insurance.
- (7) With respect to this Increased Cost Of Construction Additional Coverage:

- (a) We will not pay any costs:

- (i) Until the property is actually repaired or replaced, at the same or another premises; and
- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises for a building of like, kind and quality and of the same size and use.

- (8) This Increased Cost Of Construction Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Increased Cost Of Construction Additional Coverage.

- (9) The costs addressed in Condition 5. Loss Payment of Section E. PROPERTY LOSS CONDITIONS do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Increased Cost Of Construction Additional Coverage, as stated in paragraph (8) above, is not subject to such limitation.

n. Exterior Building Glass

- (1) We will pay for direct physical loss of or damage to glass, including lettering or ornamentation, that is part of the exterior of a covered building or structure at the described premises. The glass must be owned by you, or owned by others but in

your care, custody or control and you must be contractually obligated to repair or replace it. We will also pay for necessary:

- (a) Expenses incurred to put up temporary plates or board up openings;
- (b) Repair or replacement of encasing frames; and
- (c) Expenses incurred to remove or replace obstructions.

- (2) Paragraph A.3., COVERED CAUSES OF LOSS and Section B., EXCLUSIONS do not apply to this Exterior Building Glass Additional Coverage, except for:

- (a) Paragraph B.1.b., Earth Movement;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.f., War And Military Action; and
- (e) Paragraph B.1.g., Water.

- (3) Exclusions. We will not pay for loss or damage caused by or resulting from:

- (a) Wear and tear;
- (b) Hidden or latent defect;
- (c) Corrosion; or
- (d) Rust.

- (4) The most we pay under this Exterior Building Glass Additional Coverage is the Building Limit of Insurance shown in the Declarations.

HOWEVER, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property, the most we will pay under this Exterior Building Glass Additional Coverage is the Business Personal Property Limit of Insurance shown in the Declarations.

o. Equipment Breakdown

- (1) We will pay for direct physical damage to Covered Property caused by or resulting from an "accident" to "covered equipment".

If an initial "accident" causes other "accidents", all will be considered one "accident". All "accidents" that

are the result of the same event will be considered one "accident".

- (2) The following coverages also apply to loss caused by or resulting from an "accident" to "covered equipment". These coverages do not provide additional amounts of insurance.

(a) Expediting Expenses

With respect to your damaged Covered Property, we will pay, up to \$50,000, the reasonable extra cost to:

- (i) Make temporary repairs; and
- (ii) Expedite permanent repairs or replacement.

(b) Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in (2)(c)(ii) below.

Additional costs mean those beyond what would have been required had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of "business income" you sustain and necessary "extra expense" you incur is \$50,000.

(c) Perishable Goods

- (i) We will pay for physical damage to "perishable goods" due to spoilage.
- (ii) We will also pay for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.

(iii) We will also pay necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(iv) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with Condition 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS.

The most we will pay for loss, damage or expenses under this coverage is \$50,000.

(d) Service Interruption

(i) The insurance provided under the Business Income Additional Coverage, the Extra Expense Additional Coverage and for (c) Perishable Goods in this Equipment Breakdown Additional Coverage, is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water or steam, internet access, telecommunications services, wide area networks

or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(ii) Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident".

(iii) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Perishable Goods.

(e) Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost data.

The most we will pay for loss or expense under this coverage, including actual loss of "business income" you sustain and necessary "extra expense" you incur, is \$50,000.

(f) Environmental, Safety and Efficiency Improvements

The following provision does not apply to property insured on an "actual cash value" basis.

If "covered equipment" requires replacement due to loss or damage caused by or resulting from an "accident", we will pay your additional cost to replace with equipment that is better for the environment, more efficient or safer than the equipment being replaced.

HOWEVER, we will not pay more under this additional coverage than 125% of what the cost would have been to repair or replace with like kind and quality.

This provision does not increase any of the applicable limits.

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(3) Additional Exclusions

- (a) We will not pay under this Equipment Breakdown Additional Coverage for loss, damage or expense caused by or resulting from:
- (i) Any defect, programming error, programming limitation, computer virus, malicious code, loss of data loss of access, loss of use, loss of functionality or other condition within "electronic media and records". But if an "accident" results, we will pay for the resulting loss, damage or expense; or
 - (ii) Any of the following tests:
 - i. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - ii. An electrical insulation breakdown test of any type of electrical equipment.
- (b) With respect to (d) Service Interruption coverage, we will not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood; or earth movement.
- (c) We will not pay under this Equipment Breakdown Additional Coverage for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident":
Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to,

costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that spoilage is covered under (c) Perishable Goods coverage.

- (d) We will not pay under this Equipment Breakdown Additional Coverage for any loss or damage to animals.

(4) Additional Conditions**(a) Suspension**

Whenever "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice of reinstatement from us.

(b) Jurisdictional Inspections

If any property that is "covered equipment" under this Equipment Breakdown Additional Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

- (5) The most we will pay for loss, damage or expense under this Equipment Breakdown Additional Coverage arising from any one "accident" is the applicable Limit of Insurance shown in the Declarations.

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This Equipment Breakdown Additional Coverage will not increase the Limits of Insurance provided by this policy.

p. Arson Reward for Conviction

- (1) In the event that a covered fire loss was the result of an act of arson, we will pay a reward to anyone, other than paid investigators, who gives legal authorities information that leads to the conviction of anyone who committed such arson.
- (2) We will pay up to 10 percent of the amount of the insured fire loss or \$10,000, whichever is less. This payment is the most we will pay in any one occurrence, regardless of the number of persons providing information or convicted of arson.
- (3) The limit for this Arson Reward for Conviction Additional Coverage is in addition to the Limits of Insurance.
- (4) No deductible applies to this Arson Reward for Conviction Additional Coverage.

q. Money And Securities

- (1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit by direct route between any of these places, resulting directly from:
 - (a) Theft, meaning any act of stealing;
 - (b) Disappearance; or
 - (c) Destruction.
- (2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
 - (a) Resulting from accounting or arithmetical errors or omissions;
 - (b) Due to the giving or surrendering of property in any exchange or purchase;
 - (c) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a

continuous recording instrument in the device; or

- (d) From an unattended motor vehicle.

- (3) The most we will pay under this Money and Securities Additional Coverage for loss in any one occurrence is:

- (a) **Inside the Premises**, \$10,000 for "money" and "securities" while:

- (i) In or on the described premises; or
- (ii) Within a bank or savings institution;

unless a higher Limit of Insurance for "money" and "securities" inside the premises is shown in the Declarations; and

- (b) **Outside the Premises** (Limited – loss from an unattended motor vehicle is excluded), \$10,000 for "money" and "securities" while anywhere else, unless a higher Limit of Insurance for "money" and "securities" outside the premises is shown in the Declarations.

- (4) All loss:

- (a) Caused by one or more persons; or
 - (b) Involving a single act or series of related acts;
- is considered one occurrence.

- (5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

- (6) The limit for this Money and Securities Additional Coverage is in addition to the Limits of Insurance.

r. Appurtenant Structures

- (1) We will pay for direct physical loss of or damage to any separate garages, storage buildings, swimming pools, spas, fences, retaining walls and other appurtenant structures usual to your business at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

- (2) The most we will pay for loss or damage under this Appurtenant Structures Additional Coverage in any one occurrence is 10% of the Building Limit of Insurance shown in the Declarations for that described premises.

HOWEVER, if the value of any one garage, storage building, swimming pool, spa, fence, retaining wall or other appurtenant structure exceeds \$50,000, this Appurtenant Structures Additional Coverage does not apply to that structure.

- (3) The limit for this Appurtenant Structures Additional Coverage is in addition to the Limits of Insurance.

s. Back Up Of Sewer Or Drain Water Damage

- (1) For the purpose of this Back Up Of Sewer Or Drain Water Damage Additional Coverage the following definition is added;

"Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas from:

- (a) The unusual and rapid accumulation or runoff of surface waters from any source;
- (b) The overflow of inland or tidal waters; or
- (c) Waves, tides or tidal waves.

- (2) We will pay for loss of or damage to Covered Property caused by water that backs up from a sewer or drain, sump pump well or similar device designed to prevent overflow, seepage or leakage of subsurface water.

HOWEVER, we will not pay for loss or damage that results from sewer back-up or sump pump overflow that occurs during the period beginning 10 days before and ending 10 days after a "flood" on the insured premises.

- (3) The most we will pay for loss or damage under this coverage is:

- (a) \$5,000 per building; or
- (b) \$25,000 in any one policy period, regardless of the number of losses;

unless a higher Limit of Insurance for Back Up Of Sewer Or Drain

Water Damage is shown in the Declarations.

- (4) The limit of insurance that applies to coverage under this Back Up Of Sewer Or Drain Water Damage Additional Coverage includes any loss arising from Business Income Additional Coverage and Extra Expense Additional Coverage.

- (5) The limit for this Back Up Of Sewer Or Drain Water Damage Additional Coverage is in addition to the Limits of Insurance.

t. Dependent Properties – Business Income

- (1) We will pay for the actual loss of "business income" you sustain due to the necessary and unavoidable suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "dependent property" caused by or resulting from any Covered Cause of Loss.

- (2) We will only pay for loss of "business income" that occurs within 12 consecutive months after the date of direct physical loss or damage.

- (3) This Dependent Properties – Business Income Additional Coverage is not subject to the Limits of Insurance.

8. COVERAGE EXTENSIONS

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as follows.

a. Newly Acquired or Constructed Property

- (1) You may extend the insurance that applies to:

- (a) Buildings to apply to:
 - (i) Your new buildings while being built on the described premises; and
 - (ii) Buildings you acquire at locations, other than the

described premises,
intended for:

i. Similar use as the
building described in
the Declarations; or

ii. Use as a warehouse.

(b) The most we will pay for loss or
damage under this Coverage
Extension for buildings is
\$1,000,000 for each building.

(2) You may extend the insurance that
applies to Business Personal
Property to apply to that property at
any location you acquire, other than
at fairs or exhibitions.

The most we will pay for loss or
damage under this Coverage
Extension for Business Personal
Property is \$500,000 at each
premises.

(3) Insurance under this Newly
Acquired or Constructed Property
Coverage Extension for each newly
acquired or constructed premises
will end when any of the following
first occurs:

- (a) This Policy expires;
- (b) 180 days after you acquire or
begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium
for values reported from the date
construction begins or you acquire the
property.

**b. Newly Acquired Locations - Business
Income**

(1) You may extend the insurance that
applies to Business Income
Additional Coverages to apply to
property at any location you newly
acquire, other than temporary
locations such as fairs or
exhibitions, whether attended
regularly or not.

(2) The most we will pay for loss under
this Newly Acquired Locations -
Business Income Coverage
Extension is the lesser of:

- (a) The actual loss of "business
income" you sustain, as
provided for and described
under the Business Income
Additional Coverage; or

(b) \$100,000.

(3) This insurance will end the earlier
of:

- (a) The policy expiration date;
- (b) 180 days after you acquire the
property; or
- (c) You report the property to us.

We will charge you any additional
premium from the date you acquire the
property.

c. Personal Property Off Premises

You may extend the insurance that
applies to Business Personal Property
to apply to covered Business Personal
Property, other than "money",
"securities", "valuable papers and
records" or accounts receivable, while it
is in the course of transit or temporarily
at a premises you do not own, lease or
operate.

The most we will pay for loss or damage
under this Personal Property Off
Premises Coverage Extension is
\$15,000.

**d. Outdoor Trees, Shrubs, Plants, and
Lawns**

(1) You may extend the insurance
provided by this policy to apply to
your outdoor trees, shrubs, plants
and lawns (other than "stock"),
including debris removal expense,
caused by or resulting from any of
the following Causes of Loss:
Fire; Lightning; Explosion; Aircraft or
vehicles; Riot or civil commotion;
Vandalism; or Theft.

(2) The most we will pay for loss or
damage under this Outdoor Trees,
Shrubs, Plants, and Lawns
Coverage Extension is \$10,000 in
any one occurrence, unless a higher
limit for outdoor trees, shrubs,
plants, and lawns is shown in the
Declarations.

(3) The Debris Removal Additional
Coverage does not apply to this
Outdoor Trees, Shrubs, Plants, and
Lawns Coverage Extension.

e. Outdoor Signs

(1) You may extend the insurance
provided by this policy to apply to
your outdoor signs, including debris
removal expense.

(2) The most we will pay for loss or damage under this Outdoor Signs Coverage Extension is \$2,500 in any one occurrence, unless a higher limit for outdoor signs is shown in the Declarations.

(3) The Debris Removal Additional Coverage does not apply to this Outdoor Signs Coverage Extension.

f. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or your employees.

HOWEVER, personal effects does not include:

(1) Tools or equipment used in your business; or

(2) "Money", "securities" or jewelry.

The most we will pay for loss or damage under this Personal Effects Coverage Extension is \$10,000 in any one occurrence, but not more than \$500 for the personal effects of any one individual.

g. Valuable Papers And Records

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Valuable Papers And Records Coverage Extension includes the cost to research lost information on "valuable papers and records", including those which exist on "electronic media and records", for which duplicates do not exist.

(2) This Valuable Papers And Records Coverage Extension does not apply to:

(a) Property held as samples or for delivery after sale;

(b) Property in storage away from the premises shown in the Declarations.

(3) The most we will pay under this Valuable Papers And Records Coverage Extension for loss of or damage to "valuable papers and

records", including those which exist on "electronic media and records", in any one occurrence at the described premises is \$25,000, unless a higher Limit of Insurance for "valuable papers and records" is shown in the Declarations.

HOWEVER, for "valuable papers and records", including those which exist on "electronic media and records", not at the described premises, the most we will pay is \$25,000.

(4) Section B. EXCLUSIONS of this Coverage Form does not apply to this Valuable Papers And Records Coverage Extension except for:

(a) Paragraph B.1.c., Governmental Action;

(b) Paragraph B.1.d., Nuclear Hazard;

(c) Paragraph B.1.f., War And Military Action;

(d) Paragraph B.2.e., Dishonesty;

(e) Paragraph B.2.f., False Pretense;

(f) Paragraph B.3.; and

(g) The Accounts Receivable and "Valuable Papers And Records" Exclusions.

h. Accounts Receivable

(1) You may extend the insurance that applies to Business Personal Property (or that applies to your Buildings, if Business Personal Property is not covered) to apply to your records of accounts receivable. We will pay:

(a) All amounts due from your customers that you are unable to collect;

(b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

(d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

- (2) The most we will pay under this Accounts Receivable Coverage Extension for loss or damage in any one occurrence at the described premises is \$25,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For records of accounts receivable not at the described premises, the most we will pay is \$25,000.

- (3) Section B. EXCLUSIONS of this Coverage Form does not apply to this Accounts Receivable Coverage Extension except for:
- (a) Paragraph B.1.c., Governmental Action;
 - (b) Paragraph B.1.d., Nuclear Hazard;
 - (c) Paragraph B.1.f., War And Military Action;
 - (d) Paragraph B.2.f., Dishonesty;
 - (e) Paragraph B.2.g., False Pretense;
 - (f) Paragraph B.3.; and
 - (g) The Accounts Receivable and "Valuable Papers And Records" Exclusions.

i. Salespersons Samples

- (1) You may extend the insurance that applies to Business Personal Property to apply to salespersons samples while away from the described premises.
- (2) The most we will pay under this Salespersons Samples Coverage Extension for loss or damage in any one occurrence is \$10,000.

j. Business Income and Extra Expense -Increased Period of Restoration Due to Ordinance or Law

If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the "period of restoration" of "operations" caused by or resulting from the

enforcement of any ordinance or law that:

- (1) Regulates the construction or repair of any property;
- (2) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
- (3) Is in force at the time of loss.

k. Removal Permit

If Covered Personal Property is removed to a new premise that is described in the Declarations, you may extend this insurance to include that Covered Personal Property at each premise during the removal. Coverage at each premises will apply in the proportion that the value at each premises bears to the value of all Covered Personal Property being removed. This permit applies up to 30 days after the date Covered Personal Property is first removed at the previous premises; after that, this Removal Permit Coverage Extension does not apply at the previous premises.

B. EXCLUSIONS

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris; or
- (3) Requiring the removal or disposal of "pollutants".

This Ordinance Or Law exclusion applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action. Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
 - (a) Airborne volcanic blast or airborne shock waves;
 - (b) Ash, dust, or particulate matter; or
 - (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, including but not limited to radon gas, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Off-Premises Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump, except as provided under the Back Up Of Sewer Or Drain Water Damage Additional Coverage; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings.

HOWEVER, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies. But if Water, as described in B.1.g.(1) through B.1.g.(4), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. **Consequential Losses**
Delay, loss of use or loss of market.
 - b. **Smoke, Vapor, Gas**
Smoke, vapor or gas from agricultural smudging or industrial operations.
 - c. **Leakage or Seepage**
Constant or repeated seepage or leakage of water or steam, whether continuous or intermittent from any:
 - (1) Heating, air conditioning or refrigerating system;
 - (2) Domestic appliance; or
 - (3) Plumbing system, including from or around any shower stall or other shower bath installation, bathtub or other plumbing fixture.
 - d. **Frozen Plumbing**
Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
 - e. **Dishonesty**
 - (1) Dishonest or criminal acts by you, anyone else with an interest in the

property, or any of your or their partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose.

- (2) This exclusion applies whether of not:
 - (a) Such persons are acting alone or in collusion with others; or
 - (b) Such acts occur during the hours of employment.
- (3) This exclusion does not apply to:
 - (a) Acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered; or
 - (b) Covered Property, including records of accounts receivable and "valuable papers and records", that is entrusted to others who are carriers for hire.

f. False Pretense

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

g. Exposed Property

Rain, snow, ice or sleet to personal property in the open.

h. Collapse

Collapse, except as provided in the Collapse Additional Coverage. But if collapse results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

i. Pollutants

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

j. Other Types Of Loss

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking, bulging or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Soil Conditions including, but not limited to:
 - (a) Corrosive action;
 - (b) Chemicals, compounds, elements, suspensions or gels in the soil; or
 - (c) The formation of crystals in the soil;
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching; or

But if an excluded cause of loss that is listed in paragraphs (1) through (7) above results in a "specified cause of loss", "accident" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

3. We will not pay for loss or damage caused by or resulting from any of the following B.3.a. through B.3.d. But if an excluded cause of loss that is listed in B.3.a. through B.3.d. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

b. Acts Or Decisions

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, work methods, repair, construction, renovation, remodeling, grading, compaction, failure to protect the property;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

- d. **Errors in Data Processing:** Human errors or omissions in installing, testing, processing, recording or storing information on "electronic media and records" and electronic data processing equipment, including programming errors or faulty machine instructions.

4. Business Income And Extra Expense Exclusions

We will not pay for:

- a. Any "extra expense", or increase of "business income" loss, caused by or resulting from:

- (1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

- b. Any other consequential loss.

5. Accounts Receivable And "Valuable Papers And Records" Exclusions

The following additional exclusions apply to the Accounts Receivable and "Valuable Papers And Records" Coverage Extensions:

- a. We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (1) Programming errors or faulty machine instructions;
 - (2) Faulty installation or maintenance of data processing equipment or component parts;

But we will pay for direct loss or damage caused by lightning.

- b. Applicable to "Valuable Papers and Records" only:

We will not pay for loss or damage caused by or resulting from any errors or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the direct loss or damage caused by the fire or explosion.

- c. Applicable to Accounts Receivable only: We will not pay for:

- (1) Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- (2) Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- (3) Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

C. LIMITS OF INSURANCE

- 1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, except as otherwise provided in this Section.
- 2. The limits applicable to Additional Coverages are in addition to the Limit of Insurance only if so indicated in that Section of this Coverage Form.
- 3. The limits applicable to the Coverage Extensions are in addition to the Limits of Insurance.

4. Inflation Guard – Building

- a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example:

If: The applicable Building limit is \$100,000.
The annual percentage increase is 8%.
The number of days since the beginning of the policy year (or last Policy change) is 148.

The amount of increase is

$$\$100,000 \times .08 \times (148 / 365) = \$3,200.$$

- c. The Inflation Guard percentage for Buildings will be the percentage selected by you at the inception date or the most recent renewal date of this policy.

5. Inflation Guard - Business Personal Property

- a. The Limit of Insurance for Business Personal Property will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy renewal date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of increase shown in the Declarations, expressed as a decimal (example: 2% is .02), times
 - (3) The number of days since the beginning of the current policy year, or since the effective date of the most recent policy change amending the Business Personal Property limit, divided by 365.

Example:

If: The applicable limit is \$150,000; and
 The annual percentage increase is 3%; and
 The number of days since the beginning of the policy year (or last policy change) is 148;
 Then the amount of increase is
 $\$150,000 \times .03 \times (148 / 365) = \$1,800$.

- c. The Inflation Guard percentage for Business Personal Property will be the average annual index shown in the Declarations. This percentage may change at each renewal date.
 In no event will the Limit of Insurance be reduced unless you specifically request us to do so.

6. Business Personal Property Limit – Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
- (1) The 12 months immediately preceding the date the loss or damage occurs; or
 - (2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under the Exterior Building Glass Additional Coverage in any one occurrence is \$250.
 But this \$250 Deductible will not increase the Deductible shown in the Declarations. This \$250 Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:

- a. Fire Department Service Charge;
- b. Fire Extinguisher Recharge;
- c. Business Income;
- d. Extra Expense;
- e. Civil Authority; and
- f. Arson Reward for Conviction.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser after receiving a written request from the other, and will advise the other party of the name of such appraiser within 20 days. The two appraisers will select an umpire. If appraisers cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of property and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss of or damage to Covered Property:
- (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination.

Also keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

HOWEVER, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss.

- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, amount of loss claimed and a detailed description of each item.
- (6) As often as may be reasonably required, permit us to inspect the damaged property and examine your books and records, including financial records and tax returns.
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- (9) Resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured or their employee under oath, while not in the presence of any other insured or employee, at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. At our option and expense, any examination under oath may be video or audio taped as well as being recorded by stenographic record. If a written transcript is prepared of the testimony, then at our request your answers under oath must be signed under penalty of perjury.

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 1 year after the date on which the direct physical loss or damage occurred.

5. Loss Payment

In the event of loss or damage covered by this policy:

- a. At our option, we will either:
 - (1) Pay the value of lost or damaged property as described in e. below;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss, provided you have complied with all of the conditions set forth in paragraph 3. above.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. Except as provided in (2) through (10) below, we will determine the value of Covered Property as follows:
 - (1) At replacement cost without deduction for depreciation, subject to the following:
 - (a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts, subject to E.5.b. above:
 - (i) The Limit of Insurance under this policy that

- applies to the lost or damaged property;
- (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
 - i. Of comparable material and quality; and
 - ii. Used for the same purpose; or
 - (iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.
- (b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance under this policy that applies to the property:
- (i) The "actual cash value" of the lost or damaged property; or
 - (ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement.
- (c) You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
- (d) We will not pay on a replacement cost basis for any loss or damage:
- (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- (2) If the "Actual Cash Value -- Buildings" option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at "actual cash value".
- (3) The following property at "actual cash value":
- (a) Used or second-hand merchandise held in storage or for sale;
 - (b) Property of others, other than leased personal property you have a contractual responsibility to insure, but this property is not covered for more than the amount for which you are liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others;
 - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (d) Manuscripts;
 - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' Improvements and Betterments at:
- (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

- (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c) Nothing if others pay for repairs or replacement.
- (8) "Valuable papers and records", including those which exist on "electronic media or records" (other than prepackaged software programs), at the cost of:
 - (a) Blank materials for reproducing the records; and
 - (b) Labor to transcribe or copy the records.

This condition does not apply to "valuable papers and records" that are actually replaced or restored.

- (7) Applicable only to Money and Securities Additional Coverage:
 - (a) "Money" at its face value; and
 - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (8) Applicable only to Accounts Receivable:
 - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
 - (i) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) Adjust that total for any normal fluctuations in the amount of accounts

receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

- (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss or damage;
 - (ii) The amount of the accounts that you are able to re-establish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- (9) "Stock" you have sold but not delivered at the selling price less expenses you otherwise would have had.
- (10) Business Income and Extra Expense:
 - (a) We will determine the amount of a "business income" loss based on:
 - (i) the net income of your business before the direct physical loss or damage occurred;
 - (ii) the likely net income of your business if no physical loss or damage occurred, but not including any likely increase in net income attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (iii) the operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct

- physical loss or damage;
and
- (iv) other relevant sources of information, including;
- i. financial records and accounting procedures;
 - ii. bills, invoices and other vouchers; and
 - iii. deeds, liens and contracts.
- (b) We will determine the amount of "extra expense" based on:
- (i) all expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage occurred. The following will be deducted from the total of such expenses:
 - i. the remaining salvage value of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - ii. any "extra expense" that is paid for by other insurance.
 - (ii) all necessary expenses that reduce the "business income" loss that otherwise would have been incurred.
- f. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- g. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- h. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if
- (1) You have complied with all of the terms of this policy, and
 - (2) (a) We have reached agreement with you on the amount of loss; or
(b) An appraisal award has been made.
8. **Recovered Property**
- If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance. HOWEVER if, at the time of loss, the amount of loss or damage to your property exceeded our Limit of Insurance and your property in excess of the Limit of Insurance was turned over to us, you retain your rights to recovery on such uninsured property. We will return to you a portion of any recovery on that property based upon the proportion of the loss in excess of our Limit of Insurance bears to the total loss.
7. **Resumption Of Operations**
- We will reduce the amount of your:
- a. Loss payable under Business Income Additional Coverage, other than "extra expense", to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - b. Loss payable under Extra Expense Additional Coverage to the extent you can return "operations" to normal and discontinue such "extra expense".
8. **Vacancy**
- a. **Description Of Terms**
 - (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below.
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.
3. **No Benefit To Bailor**
No person or organization, other than you, having custody of Covered Property will benefit from this insurance.
4. **Policy Period, Coverage Territory**
Under this form:
- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
 - b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.
- G. OPTIONAL COVERAGES**
If shown as applicable in the Declarations, the following Optional Coverages also apply. These Optional Coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.
1. **Employee Dishonesty Optional Coverage**
- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you, your partner or an officer of a closely held corporation) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.
 - b. We will not pay for loss or damage:
 - (1) Resulting from any dishonest or criminal act that you, any of your partners or any officer of a closely held corporation commit whether acting alone or in collusion with other persons; or
 - (2) The only proof of which as to its existence or amount is:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.
 - c. This Employee Dishonesty Optional Coverage does not apply to any employee immediately upon discovery by:
 - (1) You; or
 - (2) Any of your partners, officers or directors not in collusion with the employee;
 of any dishonest act committed by that employee before or after being hired by you.
 - d. We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
 - e. All loss or damage:
 - (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts;
 is considered one occurrence.
 - f. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
 - g. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid and regardless that previous policies were in effect, whether issued by us, any affiliated company or any other company, this coverage shall not be

cumulative from year to year or period to period.

- h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
 - (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
 - i. The insurance under Paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
 - (1) This Optional Coverage as of its effective date; or
 - (2) The prior insurance had it remained in effect.
- 2. Ordinance or Law Optional Coverages**
- a. **Coverage 1 - Loss to the Undamaged Portion of Building**
 When the Declarations show that Ordinance or Law - Coverage 1 applies at a premises described in the Declarations and if a Covered Cause of Loss occurs to covered Building property, we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:
 - (1) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - (2) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the premises where the loss occurred; and
 - (3) Is in force at the time of loss.
 This Coverage 1 of Ordinance or Law Optional Coverage is included within the Limit of Insurance shown in the

Declarations as applicable to the covered Building property. This portion of the Ordinance or Law Optional Coverage does not increase the Limit of Insurance.

b. Coverage 2 - Demolition Cost and Broadened Increased Cost of Construction

When the Declarations show that Ordinance or Law - Coverage 2 applies at a premises described in the Declarations and if a Covered Cause of Loss occurs to covered Building property:

- (1) We will pay the cost to demolish and remove debris of undamaged parts of the property caused by enforcement of building, zoning, or land use ordinance or law; and
- (2) In addition to the coverage provided for damaged portions of property under the Increased Cost of Construction Additional Coverage, we will also pay for the increased costs to reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required when the increased cost is a consequence of the enforcement of building, zoning or land use ordinance or law.

HOWEVER:

- (a) This Coverage 2 applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (b) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph e. of 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS does not apply.

The most we will pay for the total of all covered losses under this Coverage 2 of Ordinance or Law Optional Coverage in any one occurrence is the Limit of Insurance shown in the Declarations.

The \$25,000 Limit of Insurance that applies to Increased Cost of Construction Additional Coverage is

the most we will pay under Coverage 2 is the increased cost of construction at the same premises.

- (iv) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage 2 is the increased cost of construction at the new premises.

- d. This Ordinance or Law Optional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Optional Coverage.

3. **Optional Amendment of Coverage - Exclude Theft**

When "- Excluding Theft" is stated in the Declarations after Business Personal Property coverage, then under:

- a. Paragraph 3. of Section B. EXCLUSIONS, the following exclusion is added:
Theft: Theft or attempted theft resulting in loss of or damage to Business Personal Property.
- b. The Money and Securities Additional Coverage, paragraph (1)(a) is deleted.

H. **PROPERTY DEFINITIONS**

The terms "you", "your", "we", "us", "our" and "insured" are defined in the Preamble of this Coverage Form. The following words or phrases, which appear in quotation marks throughout this Coverage Form and any of its endorsements, are defined as follows:

1. "Accident" means direct physical loss as follows:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. Loss of or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any

condition or event inside such equipment; or

- e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. "Actual Cash Value" means the cost to repair or replace Covered Property, at the time of loss or damage, whether that property has sustained partial or total loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence.
 3. "Business Income" means the:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; plus
 - b. Necessary continuing normal operating expenses incurred, while "operations" are suspended, including payroll.
 4. "Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.
None of the following is "covered equipment":
 - a. Structure, foundation, cabinet, compartment or air supported structure or building;
 - b. Insulating or refractory material;
 - c. Sewer piping, underground vessels or piping, piping forming a part of a sprinkler system or water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - d. Dragline, excavation or construction equipment; or
 - e. Equipment manufactured by you for sale.
 - f. Vehicle, aircraft or floating vessel or any equipment mounted on such vehicle,

aircraft or floating vessel. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power supplier will not be considered a vehicle, aircraft or floating vessel.

5. "Dependent property" means property owned or operated by others, not including any described premises, on whom you depend on to:
 - a. Deliver materials or services to you, or to others for your account. Services does not include water, steam, fuel, communication, or power supply services.
 - b. Purchase your products or services.
 - c. Manufacture products for delivery to your customers under contract of sale.
 - d. Attract customers to your business. But this does not include firms in the business of promoting or advertising your business.
6. "Electronic Media and Records" means:
 - a. Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
 - b. Data stored on such media; or
 - c. Programming records used for electronic data processing or electronically controlled equipment.
7. "Extra Expense" means expense incurred:
 - a. To avoid or minimize the suspension of business and to continue "operations":
 - (1) At the described premises; or
 - (2) At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations.
 - b. To minimize the suspension of business if you cannot continue "operations".
 - c. (1) To repair or replace any property; or
(2) To research, replace or restore the lost information on damaged "valuable papers and records";
to the extent it reduces the amount of loss that otherwise would have been payable under the Extra Expense Additional Coverage or the Business Income Additional Coverage.

8. "Hazardous substance" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.
9. "Money" means:
 - a. Currency, coins and bank notes whether or not in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
10. "Operations" mean your business activities occurring at the described premises.
11. "Ordinary payroll expenses" mean payroll expenses for all your employees except:
 - a. Officers;
 - b. Executives;
 - c. Department Managers;
 - d. Employees under contract; and
 - e. Additional Exemptions shown in the Declarations as:
 - (1) Job Classifications; or
 - (2) Employees.

Ordinary payroll expenses include:

- (a) Payroll;
- (b) Employee benefits, if directly related to payroll;
- (c) FICA payments you pay;
- (d) Union dues you pay; and
- (e) Workers' compensation premiums.
12. "Period of restoration" means:
 - a. For other than the Dependent Properties Additional Coverage and Business Income and Extra Expense – Increased Period of Restoration Due to Ordinance or Law Additional Coverage:
 - (1) The period of time that:
 - (a) Begins the number of hours shown in the Declarations after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - (b) Ends on the earlier of:
 - (i) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (ii) The date when business is resumed at a new permanent location.
 - (2) "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".
 - (3) The expiration date of this policy will not cut short the "period of restoration".
- b. For Business Income and Extra Expense – Increased Period of Restoration Due to Ordinance or Law Additional Coverage:
- (1) The period of time that:
 - (a) Begins:
 - (i) At the time of direct physical loss or damage for Business Income Additional Coverage; or
 - (ii) Immediately after the time of direct physical loss or damage for Extra Expense Additional Coverage:

Caused by or resulting from any Covered Cause of Loss at the described premises; and
 - (b) Ends on the earlier of:
 - (i) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (ii) The date when business is resumed at a new permanent location.
 - (2) "Period of restoration" includes any increased period required to repair or reconstruct the property to conform with the minimum standards or any ordinance or law, in force at the time of loss, that regulates the construction or repair,

- or requires the tearing down of any property.
 - (3) The expiration date of this policy will not cut short the "period of restoration".
- c. For Dependent Properties Additional Coverage:
- (1) The period of time that:
 - (a) Begins:
 - (i) 24 hours after the time of direct physical loss or damage for Business Income Additional Coverage; or
 - (ii) Immediately after the time of direct physical loss or damage for Extra Expense;

Caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and
 - (b) Ends on the earlier of:
 - (i) The date when the property at the premises of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (ii) The date when your business is resumed at a permanent new location.
 - (2) "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".
 - (3) The expiration date of this policy will not cut short the "period of restoration".
13. "Perishable goods" mean personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

14. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

15. "Securities" mean negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) whether or not in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;
- but does not include "money" or lottery tickets held for sale.
16. "Specified Causes of Loss" means the following:
- Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss of or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

HOWEVER, damage from constant or repeated seepage or leakage of water or steam over a period of weeks, months or years from any part of a system or appliance containing water or steam is not water damage.

17. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

18. "Valuable papers and records" mean inscribed, printed, or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

HOWEVER, "valuable papers and records" does not mean:

- d. "Money" or "Securities";
- e. Converted Data;
- f. Programs or instructions used in your data processing operations, including the materials on which the data is recorded.

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EFFECTIVE DATE: 12:01 AM Standard Time,
(at your principal place of business)

BUSINESSOWNERS
PB 00 06 (01-01)

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

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PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance. The word "insured" means any person or organization qualifying as such under Section II. WHO IS AN INSURED. Other words and phrases that appear in quotation marks have special meaning. Please refer to Section V. DEFINITIONS.

I. COVERAGES

A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. INSURING AGREEMENT

- a. We will pay those sums up to the applicable Limit of Insurance that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages for which there is coverage under this policy.

HOWEVER, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply.

We may, at our sole discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- 1) The amount we will pay for damages is limited as described in Section III. LIMITS OF INSURANCE; and
- 2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under COVERAGES A or B or medical expenses under COVERAGE C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- 1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

- 2) The "bodily injury" or "property damage" occurs during the policy period; and

- 3) Prior to the policy period, no insured listed under Paragraph 1. of Section II. WHO IS AN INSURED and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II. WHO IS AN INSURED or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II. WHO IS AN INSURED or any "employee" authorized

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by you to give or receive notice of an "occurrence" or claim:

- 1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- 2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- 3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. EXCLUSIONS

This insurance, including any duty we have to defend "suits", does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by the insured.

This exclusion applies even if the resulting "bodily injury" or "property damage":

- 1) is of a different kind, quality or degree than initially expected or intended; or
- 2) is sustained by a different person, entity, real property, or personal property than that initially expected or intended.

HOWEVER, this exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- 1) That the insured would have in the absence of the contract or agreement; or
- 2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- 1) Causing or contributing to the intoxication of any person;
- 2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- 3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

- 1) Manufacture, sell or distribute alcoholic beverages;
- 2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - a) Requires a license; or

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b) Is for the purpose of financial gain or livelihood; or

- 3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

d. Laws

Any liability or legal obligation of any insured with respect to "bodily injury" or "property damage" arising out of any of the following:

- 1) Any federal, state, county, municipal or local law, ordinance, order, directive or regulation barring discrimination, including but not limited to those based on race, color, national origin, ancestry, citizenship, gender, sexual orientation, marital status, religion or religious belief, age, economic status, income, medical condition, pregnancy, parenthood or mental or physical disability;
- 2) Any workers' compensation, unemployment compensation, disability benefits law, or any other statutory benefits law;
- 3) The Migrant and Seasonal Agricultural Worker Protection Act;
- 4) Any state, federal or governmental antitrust statute or regulation, including but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Act of 1933, the Securities Exchange Act of 1934, or any state Blue Sky law;
- 5) The Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974; or
- 6) Any other similar statutes, ordinances, orders, directives or regulations.

e. Employer's Liability

"Bodily Injury" to:

- 1) An "employee" of the insured arising out of and in the course of:
 - a) Employment by the insured; or

b) Performing duties related to the conduct of the insured's business; or

- 2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph 1) above.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- 1) "Bodily Injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured.

HOWEVER, this subparagraph does not apply to:

- i) "Bodily Injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
- ii) "Bodily Injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is

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not and never was owned nor occupied by, or rented or loaned to, any insured, other than that additional insured; or

- iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
- d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor.

HOWEVER, this subparagraph does not apply to:

- i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge,

charge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- 2) Any loss, cost or expense arising out of any:
- a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - b) Claim or "suit" by or on behalf of a governmental authority for damages because of test-

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ing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

HOWEVER, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

HOWEVER, this exclusion does not apply to:

- 1) A watercraft while ashore on premises you own or rent;
- 2) A watercraft you do not own that is:
 - a) Less than 26 feet long; and
 - b) Not being used to carry persons or property for a charge;
- 3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- 4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- 5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.2) or f.3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- 1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- 2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- 1) Property you own, rent, or occupy;
- 2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- 3) Property loaned to you;
- 4) Personal property in the care, custody or control of the insured;
- 5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- 6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Other than damage by the Covered Causes of Loss provided under Tenants Property Damage Legal Liability, paragraphs 1), 3) and 4) of this exclusion do not apply to "property damage" to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A

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separate limit of insurance applies to Damage To Premises Rented To You as described in Section III. LIMITS OF INSURANCE.

Paragraph 2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 3), 4), 5) and 6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph 8) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product", arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

HOWEVER, this exclusion does not apply if the damaged work, or the work out of which the damage arises, was performed on your behalf by a sub-contractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- 1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- 2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- 1) "Your product";
- 2) "Your work"; or
- 3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Bodily Injury To Any Insured

"Bodily injury" to:

- 1) Any insured; or
- 2) Any insured whenever the ultimate benefits of any indemnification will accrue directly or indirectly to any insured or the heirs of any insured.

q. Damage To Named Insured's Property

Any claim or "suit" for "property damage" by you or on your behalf against any other person or organization that is also a Named insured under this policy.

r. Abuse or Molestation

"Bodily injury" or "property damage" arising out of:

- 1) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
- 2) The negligent:
 - a) Employment;
 - b) Investigation;
 - c) Supervision;

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- d) Reporting to the proper authorities, or failure to so report; or
- e) Retention; of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph 1) above.
- s. **Asbestos, Electronic Emissions, Lead or Radon**
 "Bodily injury" or "property damage" arising out of:
 - 1) Asbestos including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of asbestos or any other duty involving asbestos;
 - 2) Electromagnetic emissions or radiation including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of electromagnetic emissions or radiation or any other duty involving electromagnetic emissions or radiation;
 - 3) Lead including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of lead or any other duty involving lead; or
 - 4) Radon or any other radioactive emissions, manmade or natural, including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of radon or any other

radioactive emissions or any other duty involving radon or other radioactive emissions.

t. Employment Practices

"Bodily injury" to:

1) A person arising out of any:

- a) Refusal to employ that person;
- b) Termination of that person's employment; or
- c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs a), b), or c) above is directed.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

u. Fiduciary Responsibility

"Bodily injury" or "property damage" arising out of the ownership, maintenance or use, including all related operations, of property in relation to which you or any insured is acting in any fiduciary or representative capacity.

v. Professional Services

"Bodily injury" or "property damage" that arises out of or is a result of the rendering of, or failure to render, any professional service, treatment, advice or instruction. This exclusion includes, but is not limited to, any:

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- 1) Legal, accounting, insurance, real estate, financial, advertising or consulting service, advice or instruction;
- 2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- 3) Supervisory, inspection, engineering, or architectural service, advice or instruction;
- 4) Medical, surgical, psychiatric, chiropractic, chiropody, physiotherapy, osteopathy, acupuncture, dental, x-ray, nursing or any other health service, treatment, advice or instruction;
- 5) Any psychological therapy or any other counseling or mental health service, treatment, advice or instruction;
- 6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming, including but not limited to cosmetology, tansorial, tattooing, tanning or massage;
- 7) Optometry or optical or hearing aid service, treatment, advice or instruction, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

- 8) Ear or other body piercing service, treatment, advice or instruction; or
- 9) Service, treatment, advice or instruction in the practice of pharmacy.

w. **Testing, Evaluating or Consulting**

"Bodily injury" or "property damage" arising out of:

- 1) An error, omission, defect or deficiency:
 - a) In any test performed, or any evaluation, consultation or advice given by or on behalf of you or any insured; or
 - b) In experimental data or the insured's interpretation of that data.
- 2) The reporting of or reliance upon any such test, evaluation, consultation or advice.

3. **TENANTS PROPERTY DAMAGE LEGAL LIABILITY**

Certain Exclusions Not Applicable

Exclusions c. through n., p., q., r., t., u., v. and w. do not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, if such "property damage" arises out of a Covered Cause Of Loss provided under the BUSINESSOWNERS PROPERTY COVERAGE FORM. A separate limit of insurance, called Tenants Property Damage Legal Liability Limit, applies to this coverage as described in Section III. LIMITS OF INSURANCE.

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B. COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**1. INSURING AGREEMENT**

- a. We will pay those sums up to the applicable Limit of Insurance that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this Insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages for which there is coverage under this policy.

HOWEVER, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply.

We may, at our sole discretion, investigate any offense and settle any claim or "suit" that may result. But:

- 1) The amount we will pay for damages is limited as described in Section III. LIMITS OF INSURANCE; and
- 2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under COVERAGES A or B or medical expenses under COVERAGE C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

- b. This Insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. EXCLUSIONS

This insurance, including any duty we have to defend "suits", does not apply to:

- a. "Personal and advertising injury":

- 1) Caused by or at the direction of the insured with the knowledge that the act would violate the

rights of another and would inflict "personal and advertising injury";

- 2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- 3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- 4) Arising out of a criminal act committed by or at the direction of any insured;
- 5) For which the insured has assumed liability in a contract or agreement.

HOWEVER, this exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;

- 6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- 7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- 8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- 9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

HOWEVER, this exclusion does not apply to Paragraphs a., b. and c. of the definition of "personal and advertising injury" under Section V. DEFINITIONS;

- 10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- 11) Any liability or legal obligation of any insured arising out of any of the following:

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- a) Any federal, state, county, municipal or local law, ordinance, order, directive or regulation barring discrimination, including but not limited to those based on race, color, national origin, ancestry, citizenship, gender, sexual orientation, marital status, parenthood, religion or religious belief, age, economic status, income, medical condition, pregnancy, or mental or physical disability;
 - b) Any workers' compensation, unemployment compensation, disability benefits law, or any other statutory benefits law;
 - c) The Migrant and Seasonal Agricultural Worker Protection Act;
 - d) Any state, federal or governmental antitrust statute or regulation, including but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Act of 1933, the Securities Exchange Act of 1934, or any state Blue Sky law;
 - e) The Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974; or
 - f) Any other similar statutes, ordinances, orders, directives or regulations;
- 12) Arising out of:
- a) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
 - b) The negligent:
 - i) Employment;
 - ii) Investigation;
 - iii) Supervision;
 - iv) Reporting to the proper authorities, or failure to so report; or
 - v) Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph a) above;

13) To:

- a) A person arising out of any:
 - i) Refusal to employ that person;
 - ii) Termination of that person's employment; or
 - iii) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- b) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs i), ii), or iii) above is directed.

This exclusion applies:

- a) Whether the insured may be liable as an employer or in any other capacity; and
- b) To any obligation to share damages with or repay someone else who must pay damages because of the injury;

14) Arising out of:

- a) Asbestos including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of asbestos or any other duty involving asbestos;
- b) Electromagnetic emissions or radiation including but not

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- limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of electromagnetic emissions or radiation;
- c) Lead including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of lead or any other duty involving lead; or
 - d) Radon or any other radioactive emissions, manmade or natural, including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of radon or any other radioactive emissions or any other duty involving radon or other radioactive emissions;
- 15) That arises out of the ownership, maintenance or use, including all related operations, of property in relation to which you or any insured is acting in any fiduciary or representative capacity;
- 16) That arises out of or is a result of the rendering of, or failure to render, any professional service, treatment, advice or instruction. This exclusion includes, but is not limited to any:
- a) Legal, accounting, insurance, real estate, financial, advertising or consulting service, advice or instruction;
 - b) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
 - c) Supervisory, inspection, engineering, or architectural service, advice or instruction;
 - d) Medical, surgical, psychiatric, chiropractic, chiropody, physiotherapy, osteopathy, acupuncture, dental, x-ray, nursing or any other health service, treatment, advice or instruction;
 - e) Any psychological therapy or any other counseling or mental health service, treatment, advice or instruction;
 - f) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming, including but not limited to cosmetology, tansorial, tattooing, tanning or massage.
 - g) Optometry or optical or hearing aid service, treatment, advice or instruction, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
 - h) Ear or other body piercing service, treatment, advice or instruction; or
 - i) Service, treatment, advice or instruction in the practice of pharmacy; or
- 17) Arising out of:
- a) An error, omission, defect or deficiency:
 - i) In any test performed, or any evaluation, consultation or advice given by or on behalf of you or any insured; or
 - ii) In experimental data or the insured's interpretation of that data.

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- b) The reporting of or reliance upon any such test, evaluation, consultation or advice.
- b. Any loss, cost or expense arising out of any:
 - 1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - 2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

C. COVERAGE C – MEDICAL PAYMENTS

1. INSURING AGREEMENT

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - 1) On premises you own or rent;
 - 2) On ways next to premises you own or rent; or
 - 3) Because of your operations;
 provided that:
 - 1) The accident takes place in the "coverage territory" and during the policy period;
 - 2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - 3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - 1) First aid administered at the time of an accident;

- 2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- 3) Necessary ambulance, hospital, professional nursing and funeral services.

2. EXCLUSIONS

We will not pay expenses for "bodily injury":

- a. To any insured.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard".
- g. Excluded under COVERAGE A.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

D. SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

- 1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - a. All expenses we incur.
 - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

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- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - e. All costs taxed against the insured in the "suit".
 - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.
- These payments will not reduce the limits of insurance.
- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

1) Agrees in writing to:

- a) Cooperate with us in the investigation, settlement or defense of the "suit";
- b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- c) Notify any other insurer whose coverage is available to the indemnitee; and
- d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

2) Provides us with written authorization to:

- a) Obtain records and other information related to the "suit"; and
- b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.2) of Section I. COVERAGE, A. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

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II. WHO IS AN INSURED**1. If you are:**

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. A trust, you are an insured. Your trustee or co-trustees are also insureds, but only with respect to their duties as a trustee in connection with your property, operations and activities.
- e. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

HOWEVER, none of these "employees" is an insured for:

- 1) "Bodily injury" or "personal and advertising injury":
 - a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the

course of his or her employment or performing duties related to the conduct of your business;

- b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph 1)a) above;
 - c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs 1)a) or b) above; or
 - d) Arising out of his or her providing or failing to provide professional health care services.
- 2) "Property damage" to property:
- a) Owned, occupied or used by; or
 - b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by; you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- 1) With respect to liability arising out of the maintenance or use of that property; and
- 2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the

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conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability.

HOWEVER, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization.

HOWEVER:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. COVERAGE A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. COVERAGE B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
5. No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.
6. Automatic Additional Insureds
- Any of the following persons or organizations are automatically insureds when you and such person or organization have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy providing general liability coverage.

a. **Co-Owners of Insured Premises**

Any person or organization with whom you co-own a premises insured under this policy is an additional insured, but only with respect to their liability as the co-owner of such premises.

HOWEVER, their status as additional insured under this policy ends when you cease to co-own such premises with that person or organization.

b. **Controlling Interest**

Any person or organization that has a controlling interest in you is an additional insured, but only with respect to liability arising out of:

- 1) Their financial control of you; or
- 2) Their ownership, maintenance or control of premises you lease or occupy;

subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when they cease to have such controlling interest in you.

c. **Grantor of Franchise or License**

Any person or organization that has granted you a franchise or license by written contract or agreement is an additional insured, but only with respect to their liability as the grantor of a franchise or license to you.

HOWEVER, their status as additional insured under this policy ends when their contract or agreement with you granting the franchise or license ends.

d. **Lessors of Leased Equipment**

Any person or organization from whom you lease equipment by written contract or agreement is an additional insured, but only with respect to their liability arising out of the maintenance,

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operation or use by you of the equipment leased to you by that person or organization, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to "bodily injury" or "property damage" arising out of, in whole or in part, or results from, in whole or in part, the active negligence of such person or organization.

HOWEVER, their status as additional insured under this policy ends when their contract or agreement with you for such leased equipment ends.

e. Managers or Lessors of Leased Premises

Any person or organization from whom you lease premises is an additional insured, but only with respect to their liability arising out of your use of that part of the premises leased to you, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when you cease to be a tenant of such premises.

f. Mortgagee, Assignee or Receiver

Any person or organization who has status as mortgagee, assignee or receiver of your property is an additional insured, but only with respect to their liability as mortgagee, assignee or receiver arising out of your ownership, maintenance, or use of such premises, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when their status as mortgagee, assignee or receiver ends.

g. Owners or Other Interest from Whom Land has been Leased

Any person or organization from whom you lease premises is an additional insured, but only with respect to their liability arising out of your maintenance or use of that part of the land leased to you, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when you cease to lease that land.

h. State or Political Subdivisions - Permits Relating to Premises

Any state or political subdivision which has issued a permit in connection with premises insured by this policy which you own, rent, or control is an additional insured, but only with respect to the following hazards:

- 1) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, holstaway openings, sidewalk vaults, street banners, or decoration and similar exposures;
- 2) The construction, erection, or removal of elevators; or
- 3) The ownership, maintenance, or use of any elevators covered by this insurance.

HOWEVER, such state or political subdivision's status as additional insured under this policy ends when the permit ends.

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III. LIMITS OF INSURANCE AND DEDUCTIBLE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".

2. **General Aggregate Limit of Insurance**
(Other than Products-Completed Operations)

The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under COVERAGE C;
- b. Damages under COVERAGE A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under COVERAGE B.

The General Aggregate Limit applies separately to each of your described premises. For the purposes of this provision, premises means involving the same or connecting lots, or premises whose connection is interrupted only by a public street, roadway or waterway, or railroad right-of-way.

3. **Products-Completed Operations Aggregate Limit of Insurance**

The Products-Completed Operations Aggregate Limit is the most we will pay under COVERAGE A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. **Personal and Advertising Injury Limit of Insurance**

Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under COVERAGE B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. **Each Occurrence Limit of Insurance**

Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under COVERAGE A; and
- b. Medical expenses under COVERAGE C

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. **Tenants Property Damage Legal Liability Limit of Insurance**

Subject to 5. above, the Tenants Property Damage Legal Liability Limit is the most we will pay under COVERAGE A for damages because of all "property damage" to premises, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one "occurrence".

7. **Medical Payments Limit of Insurance**

Subject to 5. above, the Medical Payments Limit is the most we will pay under COVERAGE C for all medical expenses because of "bodily injury" sustained by any one person.

8. The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

9. **Property Damage Deductible**

If a deductible amount is shown in the Liability Declarations, the following provisions apply:

- a. If a deductible amount for Property Damage is shown in the Liability Declarations, any obligation by us under this policy to pay sums on your behalf because of "property damage", applies only to sums in excess of the deductible amount shown in the Declarations for any one "occurrence".

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- b. If a deductible amount for Car Wash Property Damage is shown in the Liability Declarations, any obligation by us under this policy to pay sums on your behalf because of "property damage", applies only to sums in excess of the deductible amount shown in the Declarations for any one claim.
- c. If we pay all or any part of a deductible to settle any claim or "suit", upon notification of such payment by us, you shall promptly reimburse us for the amount of the deductible that has been paid by us.

IV. LIABILITY CONDITIONS

The following conditions apply in addition to the COMMON POLICY CONDITIONS.

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You and any insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense that may result in a claim. To the extent possible, notice should include:
 - 1) How, when and where the "occurrence" or offense took place;
 - 2) The names and addresses of any injured persons and witnesses; and
 - 3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - 1) Immediately record the specifics of the claim or "suit" and the date received; and
 - 2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - 1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - 2) Authorize us to obtain records and other information;
 - 3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit";
 - 4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to

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which this insurance may also apply; and

- 5) Agree to be examined under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim or "suit". At our option and expense, any examination under oath may be video or audio taped as well as being recorded by stenographic record. In the event of an examination, an insured's answers must be signed.

- d. No insured will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provision of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault

or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

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V. DEFINITIONS

The terms "you", "your", "we", "us", "our" and "insured" are defined in the Preamble of this Coverage Form. The following words or phrases, which appear in quotation marks throughout this Coverage Form and any of its endorsements, are defined as follows:

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - 1) The injury or damage arises out of:
 - a) Goods or products made or sold by you in the territory described in a. above; or
 - b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - 2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by:
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
 - a. A contract for a lease of premises.
HOWEVER, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury"

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or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- 1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - 2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - 3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in 2) above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered; but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, forklifts, farm machinery, farm implements and other vehicles designed for use or used principally off public roads. This includes motorized golf carts, snowmobiles, and other land vehicles designed for recreational use;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles, other than snowmobiles, that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - 1) Power cranes, shovels, loaders, diggers or drills; or
 - 2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - 1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - 2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

HOWEVER, self-propelled vehicles with the following types of permanently attached equipment are not "mobile

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equipment" but will be considered "autos":

- 1) Equipment designed primarily for:
 - a) Snow removal;
 - b) Road maintenance, but not construction or resurfacing; or
 - c) Street cleaning;
- 2) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; and
- 3) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- 1) Products that are still in your physical possession; or
- 2) Work that has not yet been completed or abandoned.

HOWEVER, "your work" will be deemed completed at the earliest of the following times:

- a) When all of the work called for in your contract has been completed.
- b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
- c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

HOWEVER, the "bodily injury" or "property damage" must occur away from premises you own or rent unless your business includes the selling, handling or distribution of "your prod

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- uct' for consumption on premises you own or rent.
- b. Does not include "bodily injury" or "property damage" arising out of:
 - 1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - 2) The existence of tools, uninstalled equipment or abandoned or unused materials.
17. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Your product" means:
- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - 1) You;
 - 2) Others trading under your name, or
 - 3) A person or organization whose business or assets you have acquired; and
 - b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- "Your product" includes:
- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - b. The providing of or failure to provide warnings or instructions.
- "Your product" does not include vending machines or other property rented to or located for the use of others but not sold.
21. "Your work" means:
- a. Work or operations performed by you or on your behalf; and
 - b. Materials, parts or equipment furnished in connection with such work or operations.
- "Your work" includes:
- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - b. The providing of or failure to provide warnings or instructions.

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BUSINESSOWNERS
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS
PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

A. CANCELLATION

In the COMMON POLICY CONDITIONS, Condition A. CANCELLATION is replaced by the following:

1. The first Named Insured shown in the Declarations may cancel this policy at any time by giving us advance written notice of the date cancellation is to take effect.
2. **By Us - Policies in Effect 60 Days or Less**
 - a. If this policy has been in effect for 60 days or less, and is not a renewal of a policy we issued, we may cancel this policy for any reason by mailing or delivering to the first Named Insured and the producer of record written notice of cancellation stating the reason for cancellation at least:
 - (1) Ten (10) days before the effective date of cancellation if we cancel for:
 - (a) Nonpayment of premium;
 - (b) Discovery of fraud by:
 - (i) Any Insured, or Insured person, or his or her representative in obtaining this Policy; or
 - (ii) You or your representative in pursuing a claim under this Policy.
 - (2) Thirty (30) days before the effective date of cancellation if we cancel for any other reason.
3. **By Us - Policies in Effect More Than 60 Days**
 - a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (2) Discovery of fraud by:
 - (a) Any Insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
 - (3) Discovery of material misrepresentation by:
 - (a) Any Insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
 - (4) A judgment by a court or an administrative tribunal that you have violated any state law or any federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
 - (5) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
 - (6) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

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- (7) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of the laws of this state or the state of our domicile; or
 - (ii) Threaten our solvency.
 - (8) A change by you or your representative in the activities or property of your commercial or industrial enterprise that results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. If we cancel, we will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured and to the producer of record, at least:
- (1) Ten (10) days before the effective date of cancellation if we cancel for a reason listed in 3.a.(1) or (2).
 - (2) Thirty (30) days before the effective date of cancellation if we cancel for any other reason listed in 3.a.
4. We will mail or deliver our notice to the first Named Insured at the address shown on the policy Declarations.
 5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 6. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. However, our failure to make or offer a refund does not make the cancellation ineffective nor reinstates the policy.
 7. If notice is mailed, proof of mailing will be sufficient proof of notice.
 8. Instead of canceling your policy for any of the reasons stated in Paragraph 3.a.(3), (4), (5), (6), (7)(a) and (8) above, we may, at our sole option, revise your policy by:
 - a. Increasing your premium in accordance with our current rates and rules;

- b. Reducing your policy Limits of Insurance; or

- c. Changing the conditions of your coverage.

If we exercise these rights, we will give the first Named Insured shown in the Declarations and the producer of record at least 30 days advance written notice of the effective date and the reasons for such increase, reduction or change.

9. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units.

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has accepted an offer of earthquake coverage.
- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises.

B. NONRENEWAL/CONDITIONAL RENEWAL

The following is added to the COMMON POLICY CONDITIONS and supercedes any provisions to the contrary:

1. NONRENEWAL

- a. We may nonrenew your policy for any reason not prohibited by applicable law.
- b. If we decide not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least sixty (60) days, but not more than 120 days, before the expiration date.

2. CONDITIONAL RENEWAL

Instead of nonrenewing your policy, we may, at our sole option, offer you a conditional renewal of your policy based upon a reduction of your policy Limits of Insurance, an elimination of coverages, an increase in deductibles and/or an increase of more than 25% in the rate upon which the premium is based. If we decide to offer a conditional renewal of this policy, we will mail or deliver written notice stating the reason for such conditional renewal to the first Named Insured shown in the Declarations and to

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- the producer of record within the time periods specified in paragraph 1. above.
3. We will mail or deliver our notice of nonrenewal or conditional renewal to the first Named Insured at the address shown on the policy Declarations. Proof of mailing shall be sufficient proof of notice.
 4. We are not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
 - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with paragraph B.1.
 - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
 - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
 - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
 - f. If we have made a written offer to you, in accordance with the time periods shown in paragraph 1. above to conditionally renew the policy under changed terms or conditions or at an increased premium rate as specified in paragraph 2. above.
 5. **Residential Property**
This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units.
 - a. We may elect not to renew such coverage for any reason, except as provided in b. and c. below:
 - b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.
 - c. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises.

All terms and conditions of this policy apply unless modified by this endorsement.

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C. APPRAISAL

In the PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM, under Section E. PROPERTY LOSS CONDITIONS, Paragraph 2. Appraisal, is replaced by the following:

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser and will advise the other party of the name of such appraiser within 20 days. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

D. ADDITIONAL LIABILITY EXCLUSION

In the LIABILITY COVERAGE FORM, under Section I. COVERAGES, the following exclusion is added to COVERAGES A and B:

This insurance, including any duty we have to defend "suits", does not apply to:

Breach of Contract

"Bodily Injury", "property damage" or "personal and advertising injury" that arises out of or is a result of any breach of a written or oral contract, any breach of any other written or oral agreement, or any breach of an express or implied warranty.

E. AMENDED TERM - SPOUSE

As used in the LIABILITY COVERAGE FORM and any endorsement thereto, the term spouse is replaced by the following:

Spouse or a registered domestic partner under California law.

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BUSINESSOWNERS

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PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insureds shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

All coverages of this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. Five (5) days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.
 - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
 - (a) Seasonal unoccupancy; or
 - (b) Buildings in the course of construction, renovation or addition.
Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
 - (2) After damage by a covered cause of loss, permanent repairs to the building:
 - (a) Have not started, and
 - (b) Have not been contracted for, within 30 days of initial payment of loss.
 - (3) The building has:
 - (a) An outstanding order to vacate;
 - (b) An outstanding demolition order; or
 - (c) Been declared unsafe by governmental authority.
 - (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
 - (5) Failure to:
 - (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
 - (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
 - b. Ten (10) days before the effective date of cancellation if we cancel for nonpayment of premium.
 - c. Thirty (30) days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be prorata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

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B. CHANGES

1. This policy contains all the agreements between you and us concerning the insurance afforded.
2. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent.
3. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

1. This policy is void in its entirety in any case of fraud, at any time, by you or your representative as it relates to this policy.
2. This policy is also void if you, your authorized representative or any other insured, at any time, conceal or misrepresent any material fact, or violate any material warranty, concerning:
 - a. This policy, including your application for this policy;
 - b. The Covered Property;
 - c. Your interest in the Covered Property; or
 - d. A claim under this policy.
3. We also have the right to rescind this policy based upon any other grounds provided by law.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy or to any claim arising under this policy at any time during the policy period and up to three years afterward.

E. INSPECTIONS AND SURVEYS

1. We have the right but are not obligated to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES OF THIS POLICY

If two or more of this policy's coverages apply to the same injury, loss or damage, we will not pay more than the actual amount of the injury, loss or damage, up to the highest applicable Limit of Insurance under any one coverage.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

H. OTHER INSURANCE

1. Under any property coverage provided by this policy, if there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
2. Under any liability coverage provided by this policy,
 - a. If, for injury or loss we cover, there is other valid and collectible insurance available to any insured under another policy:
 - (1) Issued by another insurer, or if there is self insurance or similar risk retention that applies to a loss covered by this policy, then this insurance provided by us shall be excess over such other insurance; or
 - (2) Issued by us or any of our affiliate companies, that applies to a loss covered by this policy, then only the highest applicable Limit of Insurance shall apply to such loss. This condition does not apply to any policy issued by us that is designed to provide Excess or Umbrella liability insurance.
 - b. This insurance, if applicable, is also excess, whether that other insurance is primary, excess, contingent or provided on any other basis:

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- (1) Over any applicable property insurance or other insurance that insures for direct physical loss or damage;
- (2) Over any valid and collectible insurance available to you as an additional insured under a policy issued to a tenant renting or leasing land or premises from you; or
- (3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. under Section I. COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY of the Premier Businessowners Liability Coverage Form.

- c. When this insurance is excess, we will have no duty under the liability coverage provided by this policy to defend any insured against any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to any insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this policy.

d. **Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

I. **PREMIUMS**

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal of this policy, we will compute the premium in accordance with our rates and rules then in effect.
3. Undeclared exposures or changes in your business operation and acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules in effect at the inception of such policy.

J. **PREMIUM AUDIT**

1. We have the right but are not obligated to audit this policy. The first Named Insured must keep records of the information we need for premium computation, and send us copies of those records at such times as we may request.
2. If we do audit your policy, at the close of that audit period, we will compute the earned premium for that period and the final premium due based upon your actual exposures.
3. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

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K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. Applicable to Businessowners Property Coverage:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant, but only with our written consent.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Payments Coverage.

L. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

1. Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.
2. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

All terms and conditions of this policy apply unless modified by this endorsement.

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EFFECTIVE DATE: 12:01 AM Standard Time,
(at your principal place of business)

INTERLINE
LI 00 21 (01-01)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)

All Coverage Parts included in this policy that provide Liability Coverage are subject to the following exclusion.

A. This insurance does not apply:

1. Under any Liability Coverage, to "bodily injury" or "property damage":
 - a. With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - 1) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - 2) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America; or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
2. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
3. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - a. The "nuclear material":
 - 1) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured"; or
 - 2) Has been discharged or dispersed therefrom;
 - b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or
 - c. The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to "property damage" to such "nuclear facility" and any property thereat.

B. As used in this endorsement:

1. "Hazardous properties" includes radioactive, toxic or explosive properties.
2. "Nuclear material" means "source material", "special nuclear material" or "by-product material".
3. "Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
4. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
5. "Waste" means any waste material:
 - a. Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of

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uranium or thorium from any ore processed primarily for its "source material" content; and

- b. Resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

6. **"Nuclear facility"** means:

- a. Any "nuclear reactor";
- b. Any equipment or device designed or used for:
 - 1) Separating the isotopes of uranium or plutonium;
 - 2) Processing or utilizing "spent fuel"; or
 - 3) Handling, processing or packaging "waste";
- c. Any equipment or device used for the processing, fabricating or alloying of

"special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

- 7. **"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
- 8. **"Property damage"** includes all forms of radioactive contamination of property.

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BUSINESSOWNERS
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM; EXCLUSION - WAR

This endorsement modifies insurance provided under the following:

**PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM**

**A. AMENDMENT TO THE PREMIER
BUSINESSOWNERS PROPERTY COVERAGE
FORM - WAR**

In Section B. EXCLUSIONS, under paragraph 1., exclusion f. War And Military Action is replaced by the following:

f. War And Military Action

- (1) War, including undeclared or civil war, or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

**B. AMENDMENTS TO THE PREMIER
BUSINESSOWNERS LIABILITY COVERAGE
FORM - WAR**

1. Under Section I. COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. EXCLUSIONS, exclusion i. War is replaced in its entirety by the following:

This insurance, including any duty we have to defend "suits", does not apply to:

i. War

"Bodily injury" or "property damage" arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war, or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. CAP ON CERTIFIED TERRORISM LOSSES

The following provisions are added to the Premier Businessowners Policy and apply to Property and Liability Coverages:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

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2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or effect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that

amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. APPLICATION OF OTHER EXCLUSIONS

The following provision is added to the Premier Businessowners Special Property Coverage Form:

APPLICATION OF OTHER EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Form or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

All terms and conditions of this policy apply unless modified by this endorsement.

EFFECTIVE DATE: 12:01 AM Standard Time,
(at your principal place of business)

BUSINESSOWNERS
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - FUNGI OR BACTERIA
(WITH LIMITED PROPERTY COVERAGE)**

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

**A. AMENDMENT TO THE PREMIER
BUSINESSOWNERS PROPERTY COVERAGE
FORM**

1. In Section A. COVERAGES, under paragraph 5. ADDITIONAL COVERAGES, the following additional coverage is added:

u. Additional Coverage - Limited Coverage For Fungl, Wet Rot, Dry Rot And Bacteria

- 1) The coverage described in paragraphs 2) through 6) below applies:
 - a) Only when the "fungl", wet or dry rot or bacteria is the result of a "specified cause of loss", other than fire or lightning, that occurs during the policy period; and
 - b). Only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- 2) We will pay for loss or damage by "fungl", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a) Direct physical loss or damage to Covered Property caused by "fungl", wet or dry rot or bacteria, including the cost of removal of the "fungl", wet or dry rot or bacteria;
 - b) The cost to tear out and replace any part of the building or other property as needed

to gain access to the "fungl", wet or dry rot or bacteria; and

- c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungl", wet or dry rot or bacteria are present.

- 3) The coverage described under paragraph 2) of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all such loss or damage arising out of all occurrences of "specified causes of loss", other than fire or lightning, which take place in a 12-month period, starting with the beginning of the present annual policy period. With respect to a particular occurrence of loss which results in "fungl", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungl", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- 4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungl", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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If there is covered loss or damage to Covered Property, not caused by "fungi", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- 5) The terms of this Limited Coverage do not increase or reduce the coverage provided under either Additional Coverage e. Collapse or f. Water Damage, Other Liquids, Powder Or Molten Material Damage.
- 6) Under Additional Coverages g. Business Income and/or h. Extra Expense:
 - a) If the loss which resulted in "fungi", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungi", wet or dry rot or bacteria, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b) If a covered "suspension" of "operations" was caused by loss or damage other than "fungi", wet or dry rot or bacteria but remediation of "fungi", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay, regardless of when such a delay occurs during the "period of restoration", but such coverage is limited to 30 days. The days need not be consecutive.

2. In Section B. EXCLUSIONS, under paragraph 1., the following exclusion is added:

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h. Fungi, Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria.

But if "fungi", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- 1) When "fungi", wet or dry rot or bacteria results from fire or lightning; or
 - 2) To the extent that coverage is provided in the Additional Coverage - Limited Coverage For Fungi, Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a "specified cause of loss" other than fire or lightning.
3. In Section B. EXCLUSIONS, under paragraph 2., exclusion c. Leakage or Seepage is replaced by the following:
 - c. **Leakage or Seepage**
 - Constant or repeated discharge, seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, whether continuous or intermittent from any:
 - 1) Heating, air conditioning or refrigerating system;
 - 2) Appliance; or
 - 3) Fire protection or plumbing system, including from or around any shower bath installation, bathtub or other plumbing fixture.
 4. In Section B. EXCLUSIONS, under paragraph 2., exclusion j. Other Types Of Loss, paragraph (2) is replaced by the following:

j. Other Types Of Loss

- 2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

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B. AMENDMENTS TO THE PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

1. In Section I. COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusions are added:

This insurance, including any duty we have to defend "suits", does not apply to:

Fungi or Bacteria

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for:

- 1) The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents; or

- 2) The failure to warn or to disclose the presence of "fungi" or bacteria;

regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- b. Any loss, cost or expenses arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any Insured or by any other person or entity.

HOWEVER, this exclusion does not apply to any "fungi" or bacteria that are, are on or are contained in, "your product" intended for human or animal consumption.

2. In Section I. COVERAGES, COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusions are added:

This insurance, including any duty we have to defend "suits", does not apply to:

Fungi or Bacteria

- a. "Personal and advertising injury" which would not have occurred, in whole or in part, but for:

- 1) The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents; or

- 2) The failure to warn or to disclose the presence of "fungi" or bacteria;

regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- b. Any loss, cost or expenses arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any Insured or by any other person or entity.

C. ADDITIONAL DEFINITION

The following definition is added to:

1. The PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM, under Section H. DEFINITIONS; and
2. The PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM, under Section V. DEFINITIONS.

"Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.

All terms and conditions of this policy apply unless modified by this endorsement.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CONDITIONAL EXCLUSION OF TERRORISM
 (RELATING TO DISPOSITION OF FEDERAL TERRORISM
 RISK INSURANCE ACT) – EXCLUSION OF WAR**

This endorsement modifies insurance provided under the following:

**PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM
 PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM**

SCHEDULE

The Exception Covering Certain Fire Losses (paragraph B.1.b. of this endorsement) applies to property located in the following states:			
California	Illinois	North Carolina	Virginia
Connecticut	Iowa	New York	Washington
Georgia	Maine	Oregon	Wisconsin
Idaho	Missouri	Rhode Island	West Virginia

A. The **PROPERTY COVERAGE FORM** and the **LIABILITY COVERAGE FORM** are amended as follows:

1. **Applicability Of The Provisions Of This Endorsement**

- a. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
 - (1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or
 - (2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
 - (a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all

certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

- (b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
 - (c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
- b. If the provisions of this endorsement become applicable, such provisions:
- (1) Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

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- (2) Remain applicable unless we notify you of changes in these provisions, in response to federal law.
- c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- 2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks. "Terrorism" means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence; or
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When one or both of the following applies:
 - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.
- B. AMENDMENTS TO THE PROPERTY COVERAGE FORM**
 - 1. Under Section B. EXCLUSIONS, the following exclusion is added:
 - a. **EXCLUSION OF TERRORISM**
We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":
 - (1) The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
 - (2) Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
 - (3) The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 - (4) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
 - (5) The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

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With respect to this item 1.a.(5), the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

b. Exception Covering Certain Fire Losses

The following exception to the EXCLUSION OF TERRORISM applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense Additional Coverages or endorsements that apply to those coverages.

c. Application Of Other Exclusions

(1) When the EXCLUSION OF TERRORISM applies in accordance with the terms of paragraph 1.a.(1) or 1.a.(2), such exclusion applies without regard to exclusion d. Nuclear Hazard in this Coverage Form.

(2) The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form as losses excluded by exclusion d. Nuclear Hazard or exclusion f. War And Military Action.

2. In Section B, EXCLUSIONS, under paragraph 1., exclusion f. War And Military Action is replaced by the following:

f. War And Military Action

(1) War, including undeclared or civil war; or

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

C. AMENDMENTS TO THE LIABILITY COVERAGE FORM

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage, is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury", as may be defined under this Coverage Form or any applicable endorsement.

2. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

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- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related

purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in paragraphs 2.e. or 2.f. are exceeded.

With respect to this Exclusion, paragraphs 2.e. and 2.f. describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Form.

3. Under Section I. COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. EXCLUSIONS, exclusion i. War is replaced in its entirety by the following:

This insurance, including any duty we have to defend "suits", does not apply to:

i. War

"Bodily injury" or "property damage" arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

All terms and conditions of this policy apply unless modified by this endorsement.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – VIOLATION OF CONSUMER PROTECTION STATUTES

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

- A. In Section 1. COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY under Paragraph 2. EXCLUSIONS, the following exclusion is added:

This insurance, including any duty we have to defend "suits", does not apply to:

VIOLATION OF CONSUMER PROTECTION STATUTES

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
3. The Fair Credit Reporting Act (FCRA) and any amendment of or addition to such law including the Fair and Accurate Credit Transaction Act (FACTA); or
4. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003 or FCRA, that addresses, prohibits or limits the electronic printing, dissemination, disposal, sending, transmitting, communicating or distribution of material or information.

- B. In Section 1. COVERAGES, COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY, under Paragraph 2. EXCLUSIONS, the following exclusion is added:

This insurance, including any duty we have to defend "suits", does not apply to:

VIOLATION OF CONSUMER PROTECTION STATUTES

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
3. The Fair Credit Reporting Act (FCRA) and any amendment of or addition to such law including the Fair and Accurate Credit Transaction Act (FACTA); or
4. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003 or FCRA, that addresses, prohibits or limits the electronic printing, dissemination, disposal, sending, transmitting, communicating or distribution of material or information.

All terms and conditions of this policy apply unless modified by this endorsement.

EFFECTIVE DATE: 12:01 AM Standard Time,
(at your principal place of business)

BUSINESSOWNERS
PB 04 30 (01-01)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies Insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

NOTICE

YOU RISK THE LOSS OF PROPERTY INSURANCE COVERAGE AT PREMISES DESIGNATED IN THE DECLARATIONS IF YOU FAIL TO MAINTAIN ANY OF THE APPLICABLE PROTECTIVE SAFEGUARDS, LISTED BY SYMBOL IN THE DECLARATIONS.

Our requirement that you maintain the protective safeguard is in consideration of a significant premium reduction. If you do not wish to commit to the requirements expressed in this endorsement, at our option, your Insurance may be continued. However, the credit for such protection would not be applied.

Your acceptance of this policy in the payment of premium when due constitutes your understanding and acknowledgement that you risk the loss of Insurance at the premises designated if you fail to maintain the protective safeguard and your acceptance and agreement with the terms of this endorsement.

SCHEDULE

Prem. / Bldg. No. Description of P-8 Protective Safeguard:

The following condition is added to Section F.
PROPERTY GENERAL CONDITIONS:

Protective Safeguards

- A. As a condition of this Insurance, you are required to maintain the protective devices or services designated by symbol in the Declarations.
- B. This Insurance will be automatically suspended at the premises shown in the Declarations if you fail to notify us when you:
 - 1. Know of any suspension or impairment in the protective safeguards;
 - 2. Fail to maintain the protective safeguards over which you have control in complete working order; or
 - 3. Add any cooking equipment and operate it prior to adding or extending any Fire Suppression System that is required by code to protect it.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

- C. The protective safeguards to which this endorsement applies are identified in the Declarations by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services. Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - 1) Sprinklers and discharge nozzles;
 - 2) Ducts, pipes, valves and fittings;
 - 3) Tanks, their component parts and supports; and
 - 4) Pumps and private fire protection mains.

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b. When supplied from an automatic fire protective system:

- 1) Nonautomatic fire protective systems; and
- 2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-5" Watchman Service based on contract with a privately owned security company providing premises protection services to the described premises.

"P-6" Local Burglar Alarm which operates a sound or visual device at the described premises in the event of an unauthorized or attempted entry.

"P-7" Central Station Burglar Alarm which, in the event of an unauthorized or attempted entry at the described premises, will automatically transmit an alarm signal to a Central Station. A current monitoring contract with an approved Central Station must be maintained.

"P-8" Fire Suppression System, including related supervisory services. Fire Suppression System means any automatic fire protective or extinguishing system designed to protect cooking equipment (i.e. cooking surfaces, deep fat fryers, grease ducts and hoods) including connected:

- a. Sprinklers and discharge nozzles;
- b. Ducts, pipes, valves and fittings; and
- c. Tanks, their component parts and supports.

"P-9" The protective system described in the Schedule of this endorsement.

All terms and conditions of this policy apply unless modified by this endorsement.

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EFFECTIVE DATE: 12:01 AM Standard Time,
(at your principal place of business)

BUSINESSOWNERS
PB 04 12 (01-01)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION OF COVERAGE TO DESIGNATED PREMISES

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

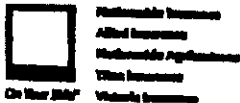
This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of the ownership, maintenance or use of those premises that are shown in the Declarations, and your operations necessary or incidental to those premises.

All terms and conditions of this policy apply unless modified by this endorsement.

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EXHIBIT B



One Nationwide Gateway • Dept 5677 • Des Moines, IA 50361-5677
January 30, 2010

Flagcrafters Inc - Dba Flagcrafters
Attn: Michael Suverkrubbe
1120 BAY BLVD STE E&F
CHULA VISTA, CA 91911

OUR INSURED : Flagcrafters Inc - Dba Flagcrafters
OUR CLAIM NUMBER : 72 04 PE 140371 12083008 81
DATE OF LOSS : 12-08-2008
TYPE OF LOSS: Roof Leak Water Damage To Commercial Building

Dear Mr. Suverkrubbe:

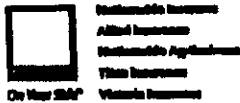
Our office is in receipt of a loss notice submitted to AMCO Insurance Company concerning the above-captioned claim. Upon a careful review of the facts of your loss and policy provisions, we regret that we must inform you there is no coverage for your loss.

You have presented a claim for rainwater damage to the above-noted loss location on December 8, 2008. I obtained your recorded statement on December 10, 2008 at which time you informed us that on Monday December 7, 2008, you noticed water leaking at the roofline during the rains. The building is a concrete construction with a flat tar roof. You covered a large flatbed printer with visqueen and closed up shop at 5:30pm. Your employees came into work the next morning and found water on the floor. The roof had leaked through a seam in the concrete wall. It had rained the night before and water leaked down from roof onto a printer washing on wall. You advised us there was also dust on several other printers and equipment. You indicated that the caulking in the seam of the wall had shrunk over time due to the wear and changes in temperature. There was a small opening in the side of wall that leaked. You stated that a lack of proper maintenance of the wall caulking and roofing may have also contributed to the roof leakage. Also, improper installation of the caulking may also be part of cause. You further stated that the wall seam crack was not the primary source of the moisture intrusion that caused damage to equipment. The roof had leaked along a wide area that allowed rain water to leak down from the roof wood joists onto the floor and the printer that was damaged. After our statement, you also called me to advise me that there had been prior roof leakage problems into your work area from the same south wall elevation earlier in the year and you had been trying to get the property manager to make needed repairs to the leaking roof for several months.

We inspected the roof during our meeting of December 11, 2008 and found no damage other than wear and tear and evidence of prior roof material patches, tar weeds at the seams, areas of ponding water and cracked and deteriorated roofing and caulking materials. During our meeting we discussed the roof condition and the roof leakage history. The tenants next door told you and I that they have had roof leakage intrusion into their suite for approximately 2 years.

I subsequently requested that Independent Roof Inspection, IRI, inspect the roof. Robert Nelsath and Terry Franco of IRI met with you and inspected the roof on December 18, 2008. I sent you a copy of the IRI report on December 31, 2008.

The IRI report revealed there was no visible damage to the roof or related components as a result of storm-related activities or impact from a foreign object. IRI determined that the "interior water intrusion" For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.



and/or moisture influence reported along the southern wall of the structure is due to one or more of the following deficiencies that promote and/or become overburdened with moisture when saturation develops:

1. Openings and/or de-lamination developing at isolated lap and parapet wall transition locations.
2. Age-related splits and openings in the fill-up wall joint seals and associated backer rods.

Based on our visual inspection, we have determined that the interior water intrusion and/or moisture influence reported along the western wall in the electrical room is due to age related splits and openings in the fill-up wall joint seals and associated backer rods that become overburdened with moisture when saturation develops."

As we discussed with you and your agent on January 8, 2010, there is no coverage for interior damage when it results from an as-built condition, inadequate or improper construction, deterioration and/or inadequate or improper maintenance or materials. There must be a covered cause of loss that damages the roof or exterior of the building that allows water to enter in order for the interior damage to be covered.

At this time, we would like to review with you your insurance contract with this company, specifically your Premier Businessowners Property Coverage Form PB 00 02, edition (01-08), pages 2, 3, & 4 of 34, where it states in part:

A. COVERAGES

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

3. COVERED CAUSES OF LOSS

This coverage Form insures against Risks of Direct Physical Loss unless the loss is:

- a. Excluded in Section II, EXCLUSIONS;
- b. Limited in Paragraph A.4, LIMITATIONS in this section; or
- c. Limited or excluded in Section II, PROPERTY LOSS CONDITIONS or Section G, PROPERTY GENERAL CONDITIONS;

that follow.

4. LIMITATIONS

- a. We will not pay for loss of or damage to:
 - 4) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.



Motorable Insurance
Allied Insurance
Motorable Automobile
Third Insurance
Vehicle Insurance

Please now refer to pages 17 through 20 of 34, where it states in part:

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other causes or event that contributes concurrently or in any sequence to the loss.

2. We will not pay for loss or damage caused by or resulting from any of the following:

j. Other Types of Loss

1) Wear and tear;

2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

3. We will not pay for loss or damage caused by or resulting from any of the following B.3.a. through B.3.d. But if an excluded cause of loss that is listed in B.3.a. through B.3.d. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

b. Acts Or Decisions

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work

Faulty, inadequate or defective:

1) Planning, zoning, development, surveying, siting;

2) Design, specifications, workmanship, work methods, repair, construction, renovation, remodeling, grading, compaction, failure to protect the property;

3) Materials used in repair, construction, renovation or remodeling; or

4) Maintenance;

of part or all of any property on or off the described premises.

We regret that we will be unable to provide any coverage for your loss. However should any additional information become available which you feel may alter our decision, please advise our office at your earliest convenience. The above-stated policy provisions are applicable based upon our investigation of your loss. However, if future evidence develops, AMCO Insurance Company expressly reserves all rights and defenses which are currently available to it with reference to policy number ACP DPS 7813470894, and the Company does not waive any rights or defenses which it now has or which may become known to it in the future.

Should you believe this claim has been wrongfully denied or rejected, please feel free to contact the California Department of Insurance, Attn: Claim Service Bureau, 300 South Spring Street, Los Angeles,

For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.



National Alliance
Allied Insurance
National Alliance Affiliates
Your Insurance
On Your Side

CA 90013, or you may contact them direct at (800) 927-4367, or for out of state callers, please contact them at (213) 887-8829.

We would like to take this opportunity to advise you of the suit provision in your policy, and specifically pages 22 & 23 of 34, where it states in part:

E. PROPERTY LOSS CONDITIONS

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 1 year after the date on which the direct physical loss or damage occurred.

Based upon this condition, you would have until February 4, 2011 to bring action against the Company. Any paperwork or documents received after this date may not be considered.

Should you have any questions or concerns regarding this matter, please do not hesitate to contact me. Thank you for your cooperation.

Sincerely,


AMCO Insurance Company, a National Alliance company
Ronald L. Hill
Claims Department
(818) 880-0088

cc: Craig Kersick
Merris Maddocks & Associates

For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent claims for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

FLAGCRAFTERS, INC. v. ALLIED PROPERTY & CASUALTY INSURANCE CO., et al.

STATE OF CALIFORNIA, COUNTY OF SAN DIEGO

CENTRAL DIVISION

Case No. 37-2010-00088597-CU-BC-CTL

PROOF OF SERVICE

(Code Civ. Proc., §§ 1013a, 2015)

I, **Meredith Mills**, declare that I am over the age of 18 years and am not a party to the case; I am employed in the County of San Diego, California, where the mailing occurs; and my business address is Nicholas & Butler, LLP, 225 Broadway, 19th Floor, San Diego, California 92101.

On **January 28, 2011** I served the within: **FIRST AMENDED COMPLAINT** on the interested parties in said action by:

☐ **BY FACSIMILE TRANSMISSION:** In addition to service by mail as set forth below, the counsel or interested party authorized to accept service was also forwarded a copy of said document(s) by facsimile transmission at the fax machine telephone number corresponding with his/her/its name. The fax machine I used complied with CRC Rule 2.301(3) and no error was reported by the machine. Pursuant to CRC Rule 2.306(h)(3), I caused the machine to print a transmission record of the transmission, a copy of which is attached to this declaration.

☐ **BY PERSONAL DELIVERY:** I caused each envelope to be hand-delivered to each addressee leaving said envelope with either the addressee directly or another person at that address authorized to accept service on the addressee's behalf.

☒ **BY MAIL:** as follows:

☐ **BY OVERNIGHT COURIER:** I placed the above-referenced document(s) in an envelope for collection and delivery on this date in accordance with standard FEDERAL EXPRESS overnight delivery procedures.

☒ By placing a copy thereof in a sealed envelope addressed as follows:

SEE ATTACHED LIST OF PARTIES SERVED

I am readily familiar with the business' practice for collection and processing of correspondence for mailing with the United States Postal Service; and that the correspondence shall be deposited with the United States Postal Service via First Class Mail on that same day in the ordinary course of business.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on **January 28, 2011**, at San Diego, California.


Meredith Mills

FLAGCRAFTERS, INC. v. ALLIED PROPERTY & CASUALTY INSURANCE CO., et al.

STATE OF CALIFORNIA, COUNTY OF SAN DIEGO

CENTRAL DIVISION

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PROOF OF SERVICE

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